

FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY JULY 15 1993

D8523A

Procter & Gamble likely to cut jobs to hold low prices

US consumer products group Procter & Gamble is expected to announce a cost-cutting programme, probably including substantial job cuts, when it meets Wall Street analysts today. P&G needs to reduce costs to complement price cuts it has been making in the US liquid laundry detergents market in the face of competition from discounted brands. Page 13; Lex, Page 12

Japan's Socialists face losses: Japan's ruling Liberal Democratic party will not win a parliamentary majority in Sunday's general election, but the Socialist SDP party will be a bigger loser, according to opinion polls. Page 12; Japanese 'madonnas' sing rival tunes. Page 4; Japan cautious on surplus cut. Page 5

Thatcher's Maastricht referendum plea Former UK prime minister Lady Thatcher (left) made a passionate plea in the House of Lords, the upper house, for a referendum in Britain on the Maastricht treaty. Her speech came after the idea of a referendum had been rejected in speeches from government and opposition party front benches. Page 6; Editorial Comment, Page 11

UK inflation rate eases: UK inflation dropped to its lowest rate for almost 30 years last month. Retail prices fell 0.1 per cent to bring the headline inflation rate down to 1.2 per cent from 1.3 per cent in May. Page 12; Lex, Page 12; Currencies, Page 23

US consumer spending rises: US consumer spending rose significantly in the second quarter while inflationary pressures moderated. This suggests the US economy is returning to last year's path of moderate growth and subdued inflation. Page 12

Brussels moves on trade: The European Commission has asked seven member states to modify bilateral treaties with the US in a move to restore the Brussels' authority as the EC's sole trade negotiator. Page 5

Israel sends troops to Lebanon: Israel sent 1,000 soldiers to its self-declared security zone in southern Lebanon, sparking speculation of an imminent attack against Arab guerrillas. Page 4

Dell Computer, US personal computer manufacturer, warned of a second-quarter loss after writedowns and restructuring charges. Page 13

Europe's car sales fall: New car sales in western Europe fell by 1.3m to 6.09m in the first half of the year as demand declined steeply in all main markets except the UK. Page 2

General Motors plans to hold back US price increases next year in an attempt to increase market share. Page 16

Tipstock profits wiped out: Shares in UK transport rental company Tipstock fell after a change in accounting policy wiped out its profits. The change, under which the company will report in dollars, reflects its rising number of US shareholders. Page 13; Lex, Page 12

US budget compromise: A proposed energy tax to raise money from both transport fuels and utilities may provide a way out of the impasse between the US Senate and Congress over budget bill levies. Page 3

Clinton seeks US floods aid: US president Bill Clinton will seek \$2.45bn of aid for the six states in the Mississippi and Missouri basins devastated by floods. Page 3

Labour promises new watchdogs: A UK Labour government would set up a British Securities and Exchange Commission with powers over retail banking, building societies, insurance, corporate governance, accountancy, pension funds and the Lloyd's insurance market. Page 6

UK Labour leader wins reforms: UK Labour party leader John Smith won the first round in his battle with trade unions over their links with the party after reaching a deal on sweeping reform proposals. Page 6

Seaside fury: The northern English resort of Blackpool reacted with outrage to a ruling by the European Court of Justice that its beaches do not meet environmental regulations. Page 6

STOCK MARKET INDICES		STERLING	
FTSE 100	2822.3 (+4.8)	New York lunchtime	\$ 1.5022
Yield	4.04	London	\$ 1.5025 (1.4939)
FTSE Eurozone 100	1237.14 (+0.2%)	DM	2.5778 (2.57)
FT-Air-Share	1405.97 (+0.2%)	DM	8.895 (8.775)
Nikkei	20,138.11 (+1.31)	FFr	2.27 (2.27)
New York lunchtime	2544.78 (+20.34)	Sfr	161.25 (161.73)
Dow Jones Ind Ave	450.96 (+2.87)	Y Index	81.7 (81.2)
S&P Composite	450.96 (+2.87)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	2.13%	New York lunchtime	\$ 1.7155
3-mo Treasury bill	1.60%	DM	5.8276
Long bond	10.74	FFr	1.5025
Yield	8.57%	Sfr	161.2
LONDON MONEY		LONDON	
3-mo interbank	8% (30/09)	DM	1.7155 (1.72)
LIBR long gilt bid	9.50 (Sep/Oct)	FFr	1.5025 (1.52)
NORTH SEA OIL (Argus)		Sfr	161.25 (161.73)
Brent 15-day Sep	\$16.675 (17.028)	Y Index	81.7 (81.2)
Gold			
New York Comex (Aug)	\$381.4 (394.5)		
London	\$382.25 (393.75)	Tokyo close	¥ 108.45

Austria	Sch30	Germany	DM2.50	Malta	LM100	S.Africa	Rand	SR11
Belgium	DM1.250	Greece	Dr500	Morocco	MDM10	Spain	Peseta	PS10
Denmark	DKK10	Hungary	HUF100	Netherlands	FL1.75	Sweden	Kr100	SEK10
France	FFr100	Ireland	IR£100	Poland	PLZ100	Switzerland	Sfr100	Sfr100
Italy	Lira100	Portugal	Escudo	Romania	Lei100	Taiwan	New Taiwan Dollar	NT\$100
Japan	¥100	Slovakia	Slovak Koruna	Slovenia	Tolar100	Thailand	Baht100	THB100
South Korea	₩100	Sri Lanka	Rs100	Turkey	Lira100	USA	Dollar	\$1.00
UK	£100	Ukraine	Hryvnia	Yugoslavia	Dinar100			

Bavaria to sell off DM2bn in German shareholdings

By Christopher Parkes in Frankfurt and Quentin Peel in Munich

THE Bavarian government hopes to raise between DM2bn (\$1.1bn) and DM3bn through the privatisation of its shareholdings in several German companies, Mr Edmund Stoiber, the state premier, said yesterday.

Its biggest stake is a 58 per cent holding in Bayernwerk, the largest southern German energy utility, which would be merged

with Vieg, the Bonn-based industrial conglomerate.

Negotiations with Vieg are under way, and Mr Stoiber said he expected the new company to move its headquarters to Munich as part of the deal. "I believe they are ready to move and create a big new undertaking with its headquarters in Munich."

Bavaria also plans an early sale of its 8 per cent stake in Deutsche Aerospace, the Daimler-Benz aerospace subsidiary, for an estimated DM400m.

The proposed disposals mark the first significant move among the German Länder to break supportive links forged during the postwar economic recovery with vital infrastructural and new, job-creating industries.

The federal government is committed to cashing in most of its remaining holdings, including a 51 per cent stake in Lufthansa, which is being restructured and restored to profit.

Recent interest in privatisation has been spurred primarily by

the urgent need, stressed by the Bundesbank, for the reduction of federal and state deficits. Central bank officials have lately suggested that the budget consolidation process could be helped by asset sales.

Activity has been encouraged by statements from national leaders of the Social Democratic party (SPD) that there are no longer any ideological objections to the sale of public assets. Acceptance at Länder level, where the SPD controls most of the regional

governments in western Germany, has yet to be tested.

There is a growing acceptance among public sector shareholders that the attractions of Germany to foreign shareholders could be enhanced if all traces of political involvement in private sector businesses were removed. Many of Germany's leading concerns have regional politicians on their supervisory boards by virtue of extensive state holdings.

The Lower Saxony government, for example, owns 20 per

cent of Volkswagen, Europe's biggest volume carmaker. North Rhine-Westphalia controls Westdeutsche Landesbank, which in turn has stakes in local and international businesses.

Bavaria's decision to sell the holding in Deutsche Aerospace is likely to enhance the attractions of the group's shares when they are listed on the New York stock exchange later this year.

Continued on Page 12
Editorial Comment, Page 11

UN tells Italy to recall commander of Somalia troops

By Michael Littlejohns in New York and Leslie Crawford in Nairobi

THE United Nations has demanded the recall to Rome of the commander of Italian troops in Somalia and may have to consider removing his entire contingent, a senior UN official said last night.

Mr Kofi Annan, who is in charge of all UN peacekeeping operations, told a press conference that General Bruno Loi would soon be "rotated" home, at the express request of Mr Boutros Boutros Ghali, the UN secretary-general.

Italian soldiers serving with the UN would probably be redeployed north of Mogadishu, away from the scene of recent bloody clashes.

Alluding to Gen Loi's reported defiance of orders by General Clive Birt, the Turkish commander of all UN troops in Somalia, Mr Annan said the option of removing a national contingent altogether might have to be considered when it placed an entire enterprise in jeopardy and other contingents at risk.

Mr Beniamino Andreotta, the Italian foreign minister, said he was "outraged" at the decision. He said he had previously agreed with Mr Boutros Ghali that Gen

Loi should not return without full consultation with the Italian government.

Mr Annan warned other governments that had presumed to dictate to their troops over the heads of Gen Birt and former US Admiral Jonathan Howe, the secretary-general's special envoy, that this behaviour was unacceptable.

One contingent had refused to accept assignments for a month, placing an extra burden on other troops who were not so well equipped, he said without identifying the unit.

He denied reports that the UN refused to negotiate with General Mohamed Farah Aideded, the Somali warlord, or that the warlord, whose arrest and detention have been ordered, was singled out as a special villain. The UN was prepared to deal similarly with any other rebel faction, he said.

He said the governments that had committed troops to the UN command knew what they were getting into and that it was an enforcement operation, not a traditional peacekeeping mission.

Moreover, violence was mainly in southern Mogadishu, the Aideded stronghold, while much of the rest of Somalia was co-operating with the UN.

Somali militants yesterday distributed leaflets in the streets of

south Mogadishu in which they vowed to kill all US troops serving with the UN mission and called on Moslems worldwide to kill Americans in their countries.

The fatwa, a Moslem death warrant, was a clear sign that Gen Aideded's militias are steeling themselves for a protracted struggle against the 14,000 UN troops stationed in the capital. It also appeared to be an attempt to drive a wedge between the 4,000 American soldiers and other national contingents fighting under the UN flag.

"We appeal to all countries of the multinational force to stay far from the American sites in Mogadishu," the leaflet said. "We are going to launch an attack to the American compounds in Mogadishu."

Mr Barry Walkley, UN spokesman in Mogadishu, said he had not seen the pamphlets, but placed little importance on them. Meanwhile, the death toll from Monday's helicopter assault on an Aideded compound continued to rise. The International Committee of the Red Cross said 50 people were killed.

The few aid agencies that remain in Mogadishu say security has become so precarious that relief work has virtually come to a halt.

Report on EBRD criticises Attali

By Robert Peston, Banking Editor, in London

MR JACQUES ATTALI, president of the European Bank for Reconstruction and Development, will be severely criticised in a report on financial mismanagement at the bank to be published on Friday.

Following a two month investigation, the bank's audit committee is putting the finishing touches to the report. Bank employees who have seen the initial draft say it focuses on four examples of financial mismanagement by Mr Attali:

- Mr Attali wasted thousands of pounds by taking more than 40 flights on private jets supplied by French company, Air Enterprise.
- On several occasions, he received fees for giving speeches, contrary to the bank's code of conduct.
- He charged personal expenses to the bank, including several trips to the London nightclub, Annabels. These have been reimbursed but in some cases there was an 18 month delay before the reimbursement was made.
- His close relationship with Mr Jean-Louis Berthet, the architect used in the £55.5m project to furnish the bank's headquarters, undermined the bank's headquarter's.

Continued on Page 12

'Wise men' may pave the way for EC enlargement

By Lionel Barber in Strasbourg

EC foreign ministers may create a committee of "wise men" to look at the streamlining of institutions in an enlarged European Community.

The proposal, announced by the Belgian presidency yesterday, could serve as the platform for a new constitutional debate on the future of the EC. It would raise sensitive questions such as the balance of power between large and small states and a reorganisation of the European Commission and rotating EC presidency.

The idea of opening up a "post-Maastricht" debate has been circulating for several months. Proponents suggest a high-powered independent committee could be modelled on the "Dooce committee" which paved the way for the 1992 Single European Act creating an integrated market by 1992.

Mr Willy Claes, Belgium's foreign minister, made clear that the Belgian presidency was not endorsing the idea, which was put forward in the European Parliament yesterday by Mr Willy De Clerq, a Belgian MEP and former EC commissioner. But he agreed to submit it for discussion.

Under the Danish and British presidencies, ministers agreed that minimal change only was required to cope with the four new applicants, Austria, Finland, Sweden and Norway.

Brussels acts on treaties, Page 5

Central banks intervene to limit downward slide Franc and krone under new selling pressure

By Peter Norman and Stephanie Flanders in London

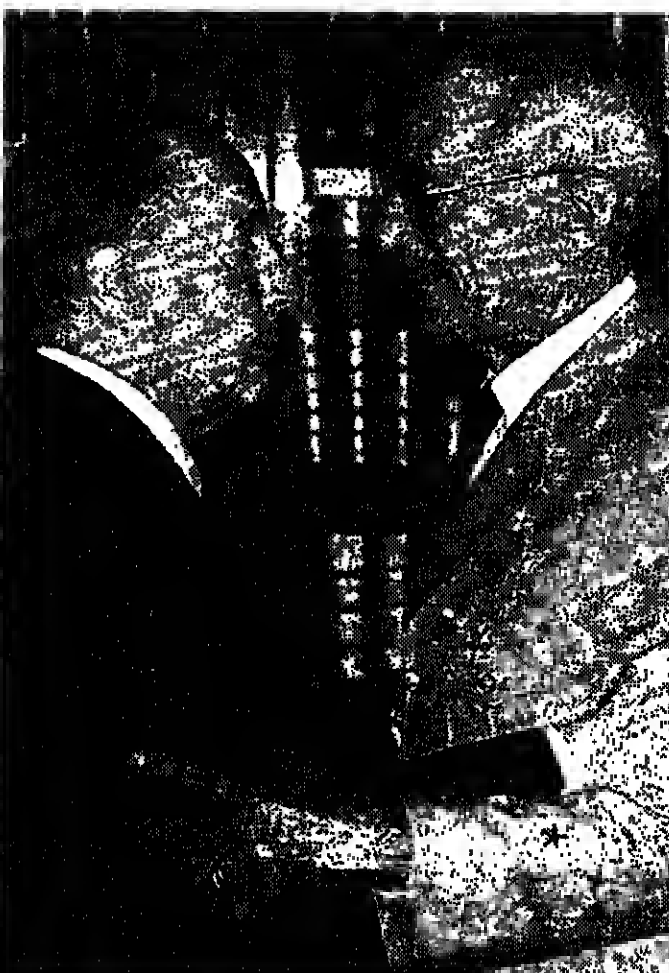
YESTERDAY'S Bastille Day holiday in France provided no respite for the European exchange rate mechanism with the embattled French and Danish currencies coming under renewed selling pressure.

Both the Dutch and Danish central banks were forced to intervene in support of the Dutch krone as it reached its lower intervention point against the Dutch currency in the ERM, while the Bundesbank again bought French francs.

As French commercial banks in Paris continued to trade in spite of the public holiday, hopes that the Bundesbank would provide more substantial support through a cut in its official interest rates at today's council meeting were muted.

Hopes of further German monetary easing were damped after the Bundesbank said it would not be holding a press conference today. The terms at which it elected to lend funds to the German domestic money market yesterday also did little to encourage expectations of lower rates.

The volume of funds provided to the market as a result of the Bundesbank's latest repurchase tender was at the upper end of expectations. But the rate at which the money was provided -



French president François Mitterrand presents Gen Philippe Morillon, former UN commander in Bosnia, with the Legion d'Honneur. Bastille Day speech, Page 2; Currencies, Page 26

7.28 per cent - was only marginally lower than 7.30 per cent charged previously.

The Bundesbank faces a dilemma. There is no reason to doubt that German, French and EC monetary officials have been sincere this week in declaring that they see no fundamental reason for speculative pressure

against the franc. But if the Bundesbank relaxes its policy in response to external pressure, it could damage its long-term credibility as an inflation fighter.

The krone closed at Dkr3.8951 to the D-Mark in London, while the franc closed in Europe at FFfr3.417 to the D-Mark, down from the previous day's FFfr3.414.

This announcement appears as a matter of record only

ASLK-CGER BANK

USD 106,800,000
Equivalent Nominal Value
Notes due 2004-2007

structured financings
arranged and privately placed by

Schroders

Capital Markets Arbitrage
London Paris Hong Kong Tokyo

CONTENTS

News	Lex	12	Arts	9	Int. Bond Service	17
European News	Features	12	TV and Radio	9	Managed Funds	24-28
International News			Crossed	21	Money Markets	28
American News			Compendia		Recent Issues	17
World Trade News					Share Information	22-23
UK News					Technical Options	17
Observer			UK	18-19	London SE	21
People			Int. Cap Mts	17	Wall Street	20-22
Weather			Int. Comp. Mts	14-16	Brussels	29-32
Technology						

Hurd hints at Croatia sanctions

By David Owen in London and Laura Silber in Belgrade

MR Douglas Hurd, the British foreign secretary, yesterday hinted that the EC could decide as soon as next Monday to implement sanctions against Croatia.

The time had come for the EC to "consider economic measures" against the Croats, Mr Hurd told members of the British parliament.

Mr Hurd said he thought there was a "strong case" for having a Muslim "contingent" among UN troops stationed in Bosnia. He believed, however, that Iran would not be a "suitable candidate" for providing such troops.

Nato agreed yesterday that US, French, British and Dutch strike aircraft could start protecting UN forces in Bosnia, including those in Muslim safe areas, from next week.

A meeting of the alliance's ambassadors decided the mission could start from July 22 but left any decision on timing to the UN.

Some 60 aircraft are expected to be involved, among them US A-10 "Warhogs" that can be used against artillery and tanks.

The mainly Muslim Bosnian

army yesterday appeared to strike back from the air for the first time in the 16-month war in Bosnia when three aircraft dropped bombs on Serb-held targets.

If yesterday's incident is confirmed, it would be a violation of the no-fly zone in force over the whole of Bosnia since last October.

Tanjig, the Serb news agency, said three aircraft bombed Serb-held positions near Olovo in central Bosnia. The report, which could not be independently confirmed, gave no details of casualties or damage.

● In a bid to raise \$200m, the minimum amount needed to keep the relief operation going, Mrs Sadako Ogata, UN High Commissioner for Refugees, met Bosnian President Alija Izetbegovic to discuss the plight of 380,000 people trapped in the Bosnian capital and the possible reopening of the airport at Tuzla, north-east Bosnia.

UN officials have criticised all three sides, especially the Serbs, for blocking the delivery of aid.

About 2.3m people, more than half of Bosnia's 4.3 population, depend on UN emergency relief for survival.

Threat of new war with Serbs

By Laura Silber in Belgrade

GROATIA's plan to re-open a strategic bridge this weekend risks re-igniting the Serbo-Croat war, a senior UN official warned yesterday.

Mr Codrington Thornberry, deputy chief of the UN mission in former Yugoslavia, said: "Both sides are armed to the teeth, and both have brought up reinforcements. Both are preparing for an escalating conflict."

"In these circumstances the risk of war breaking out again becomes really very high."

Frustrated by Serb intransigence on the opening of Maslenica bridge, which links the main coastal motorway with central Croatia, and the nearby Zemunik airport, Croat authorities are poised to re-establish the vital road link.

Serb forces from the self-styled state of Krajina have warned they will bombard the bridge if the Croats go

ahead with a temporary pontoon bridge. Serbs have trained three Frog missiles on Zagreb, the Croatian capital, say UN officials posted in the region.

"The Croat authorities and the territorial defence forces of Serbian Krajina are engaging in brinkmanship around Maslenica and the Zemunik airport," Mr Thornberry said in Belgrade.

Croat forces seized control of the area in their offensive on January 22 across UN lines. Since then they have ignored a UN Security Council resolution calling for their withdrawal to the ceasefire line agreed on January 3 1992.

Croatia wants to reassert authority over Serb-held parts which comprise the four UN zones. Resentment has mounted against United Nations peacekeepers for failing to fulfil the peace plan to allow the return of Croat refugees to UN zones.

Estonia's hunt for identity alarms Russians

Matthew Kaminski, recently in Narva, on a new aliens law

IN 1944, Stalin's troops pushed out or deported 30,000 Estonians from Narva. The Russians who took their place now fear a similar fate.

The peaceful appearance of the industrial town belies a deep anxiety among its residents who, at least under the law, are now strangers in a foreign country.

Earlier this week, President Lennart Meri signed an aliens law that discriminates against the Russian minority, which constitutes around 40 per cent of the population.

The law results from Estonia's efforts to assert a national identity after 50 years of Soviet rule and although the new statute was amended to adopt some suggestions made by the Council of Europe and the CSCE, it falls far short of mollifying ethnic Russians or Moscow.

Russians must now pass a language test for Estonian citizenship or apply for residence and work permits. Neither is guaranteed.

"I guess I'll have to go back to Russia," says Valia Solov'yova, 21, who sells flowers near the Lenin statue that stands in the town square.

Such sentiment has spawned a crisis in Estonia's north-east corner. The cities of Narva and nearby Sillamäe, where the Russian population exceeds 95 per cent, will vote on regional autonomy this weekend.

"We'll never agree to alien status in our own country, no matter what it costs or what it takes," says Vladimir Alek-

seyev, Narva's trade union leader.

"They want us to leave Narva," says Tatyana Yanchenko, 31, who, like many members of her generation, was born in the country.

"When Estonia was destroyed during the war and Russia rebuilt it, nobody called us occupiers like they do now."

Young people, whose parents came to work in Soviet factories after the war, worry their children will not learn Russian in school. Among the older generation, the aliens law only exacerbates the shock they have felt at the collapse of the Soviet Union.

Mr Vladimir Chuikin, the town council chairman, is leading the referendum drive with help from Moscow. At his office, which he also used as the local Communist party chief, Mr Chuikin warns ominously of "another Ulster" if Estonia tries to stop a vote it considers illegal.

Anti-Linents, an Estonian who is Narva's assistant mayor, calls Mr Chuikin a dangerous populist who exploits the people's ignorance of the law. But Mr Linents admits the law is flawed: "People should be granted Estonian citizenship in a simplified way because it's not their fault they were born here or that their mothers or fathers came here."

The crisis threatens stability across the region. President Boris Yeltsin last week hinged a troop withdrawal timetable from all three Baltic states on improved treatment of the Russian minority.

Recession stalks new González team

There are doubts the cabinet has the stomach for the fight, writes Tom Burns

THE NEW Spanish government of Mr Felipe González took office yesterday and was greeted with a degree of scepticism by the financial community. Doubts were cast on its stability and on its willingness to apply measures to curb Spain's worsening recession.

Mr González's Socialist party (PSOE) failed to win an overall majority in last month's general election, and despite extensive talks with leaders of the Basque and Catalan nationalist parties, the prime minister has failed to persuade either group to join his government as a junior partner.

The absence of the nationalist parties, which would have assured Mr González of firm parliamentary support, lends a provisional look to the new government. Both groups may change their minds, however, and try to join the cabinet after the 1994 budget is approved following the summer recess.

Mr González's new team is built around Mr Narcis Serra, the deputy prime minister in the previous government who is now given the additional responsibility of co-ordinating economic policy. Mr Pedro Solbes, a technocrat and a non-Socialist, has been promoted from the agriculture ministry to run the economy and finance ministry.

Neither Mr Serra, a plodding consensus politician, nor Mr Solbes, who has a record as an interventionist in defence of state industry, is viewed as a tough personality willing to take on the challenges of a recession. A senior Madrid corporate lawyer likened the new economic team yesterday to "an aspirin to cure a cancer".



Spain's king and queen look on as Mr Pedro Solbes is sworn in as economy and finance minister

The difficulties facing the domestic economy have been underlined this week by estimates which put the general budget deficit at 7 per cent of gross domestic product. That is double the figure outlined in Spain's 1994 convergence plan and compares with 4.4 per cent last year. Year-on-year GDP rose by 0.5 in the first quarter

and growth forecasts for 1993 range between zero and minus 1 per cent.

Inflation is nevertheless rising - it was up by 0.4 per cent in June to give an underlying 12 month rate of 5.9 per cent - despite the recession and a steep rise in unemployment. The number of registered jobless rose last month by 35,351.

The first June increase for 10 years, and the total number of job seekers now stands at more than 2.5m, representing 16.6 per cent of the working population.

Echoing a widely shared view in the financial community, Madrid stockbroker FG forecast that the new government would avoid head-on col-

lisions with the unions, would do little to reduce the budget deficit and would deregulate only under direct pressure from Brussels.

The one positive signal to the markets in the new government is the exclusion from the cabinet of the left wing of the PSOE which is championed by the deputy party leader, Mr

Alfonso Guerra. This is a second humiliation suffered by the so-called guerrillas. Mr González has already foisted Mr Carlos Solchaga, the former economy minister and a bitter foe of the leftwing Socialists, on to the PSOE, as the party's leader and chief spokesman in parliament.

Mr González has retained as foreign minister Mr Javier Solana, who is no friend of Mr Guerra, and he brought into the cabinet minor-ranking social democrats, identified with the moderate wing of the party, as well as a total of six independents, three of them women.

It is likely now that the prime minister will continue to wage his war on the left wing by calling a party congress later this year or early in 1994. The guerrilla faction, which holds most of the senior positions within the party, has been at the centre of scandals over illicit campaign funds that have severely embarrassed Mr González.

Should the latter deal a definitive blow to Mr Guerra's camp, and also meet home rule demands made by the nationalists when he draws up next year's budget, the way will be smoothed for the entry of the Basques and Catalans into the cabinet.

A broad-based coalition government would have its stability assured over the next four years. Given the more market-orientated policies of both the Basques and the Catalans, such a government would help to boost confidence about the economic policies that Mr González may pursue in his fourth term in office.

Mitterrand urges caution on sell-offs

By John Fiddling in Paris

PRESIDENT François Mitterrand yesterday said that the conservative government of prime minister Edouard Balladur must exercise "extreme caution" in the privatisation of state-owned companies important to national interests.

Speaking in a televised interview, traditional on France's Bastille Day holiday, the Socialist president also said that the franc must be defended and that the maintenance of its parity with the D-Mark in the European exchange rate mechanism was "a necessity above all others."

Mr Mitterrand cited Elf-Aqui-

taine, the oil group, Aérospatiale, the aerospace company, and Snecma, the aero-engine maker, as examples where caution was needed. Elf is expected to be one of the first companies to be privatised as part of the government's programme commencing this autumn.

Stressing that there was no constitutional power to block the privatisation law passed by parliament, he said: "Once it has been passed I become a notary. It is my duty to sign and I sign."

But his comments reflect a debate within the ruling RPR and UDF parties concerning the privatisation of sensitive

industries and suggest that the government may retain a "golden share" to maintain control of companies involved in defence, high technology and energy industries.

Mr Mitterrand appeared satisfied with his relations with the centre-right government but refused to be drawn on his relations with Mr Balladur.

"I am in favour of applying the constitution. The people voted and that is all," he said, referring to the March general elections in which the Socialists suffered a crushing defeat. Mr Mitterrand said that he was in favour of a Gatt agreement on the liberalisation of interna-

New aid rules approved by MEPs

By Lionel Barber in Strasbourg

MEMBERS of the European Parliament last night overwhelmingly approved new rules for the EC's 1994-99 regional development and structural aid programme, removing a major hurdle for disbursement of around Ecu41.5bn (\$159.9bn) in the new year.

The favourable parliamentary opinion paves the way for the final go-ahead of the biggest-ever EC development programme at a meeting of EC foreign ministers next Monday. It also clears the way for the EC's regional aid programme, removing a major hurdle for disbursement of around Ecu41.5bn (\$159.9bn) in the new year.

The favourable parliamentary opinion paves the way for the final go-ahead of the biggest-ever EC development programme at a meeting of EC foreign ministers next Monday.

Under the deal the UK will receive special aid for Merseyside and the Scottish Highlands, including Argyll, Bute and West Moray.

With this and other funding, the UK could receive between Ecu5bn and Ecu6bn over the next six years.

Prospects for a comprehensive deal rose earlier this week after the Irish government lifted its veto, despite its claim to Ecu2bn which it claims was guaranteed in last December's EC summit in Edinburgh.

Mr Albert Reynolds, Irish prime minister, has been in close touch with Mr Jacques Delors, president of the European Commission, and Mr Bruce Millan, EC commissioner responsible for regional affairs, in an effort to resolve outstanding differences.

The parliament's members voted 317 to 8, with only four objections.

They generally welcomed the new aid programme, accepting the Belgian presidency's argument that the deal would be bad for ministers and parliamentarians facing elections next year.

THE FINANCIAL TIMES

Published by The Financial Times (Europe) GmbH, Neuhofstrasse 3, 60318 Frankfurt am Main, Germany. Telephone: +49 69 1 49 49 1. Fax: +49 69 1 49 49 1. Telex: 330600. Registered by the German Press Syndicate. Printed by DVM Druck-Vertrieb und Marketing GmbH, Adminal-Rosenhain-Strasse 3, 63263 Neu-Isenburg (owned by Harcourt International).

Responsible Editor: Richard Lambert. Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) Ltd. London and F.T. (Germany) Advertising Ltd, London, Shareholders of the above mentioned two companies are: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell. Managing Director: J. R. Kelly. 168 Rue de la Harpe, F-75004 Paris Cedex 01. Telephone: (01) 4297-0621. Fax: (01) 4297-0622. Printer: S.A. Nord Editeur, 12501 Rue de Clichy, F-91000 Evry-Courcouronnes. ISSN: ISSN 1148-2733. Commission des Médias: 078080.

Financial Times (Scandinavia) Ltd. Västgötgatan 42A, DK-1161 Copenhagen. Telephone: 33 13 44 41. Fax: 33 93 33 35.

Garofano to be questioned today

By Hag Simonian in Milan

MR Giuseppe Garofano, the most important businessman sought in Italy's political corruption scandal, is expected to be interrogated by Milan magistrates in Geneva today.

Mr Garofano was arrested by Swiss police on Tuesday evening as he arrived at Geneva airport from Paris. Unconfirmed reports say he was planning to go to Milan to give himself up following contacts between his lawyers and Milan judges. Last night, Mr Garofano was reported to have asked for a week's "reflection"

to decide whether to accept extradition to Italy.

Magistrates want to question Mr Garofano, formerly the most senior executive in the troubled Ferruzzi group outside the Ferruzzi family, on three matters.

The first is a L250m (£107,000) donation to the Christian Democrat party, the issue which apparently triggered Mr Garofano's decision to flee. Mr Garofano maintained the money was a personal contribution.

However, Milan magistrates, suspecting the money may have come from Ferruzzi,

issued a warrant for illegal funding of political parties. Mr Garofano's name has come up in two other investigations since his disappearance. Milan magistrates monitoring the Ferruzzi rescue plan have been investigating the finances of some foreign subsidiaries.

Last month, Montedison, Ferruzzi's main industrial arm, shocked shareholders with a L435bn increase in its 1992 group loss to L1.679bn on account of mysterious credits, deemed irrecoverable, by a small Curaçao subsidiary.

Magistrates may also want to interrogate Mr Garofano on the

now-defunct Enimont chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group. A number of executives involved in Enimont, including Mr Raul Gardini, Montedison's former boss, have already been told that they are under investigation.

Mr Garofano's detention marks the first time a leading suspect in the corruption scandal has been arrested on an international warrant. Other suspects, including Mr Salvatore Ligresti, who gave himself up to Milan police this week after returning to Italy.

Walesa says no plan to run in poll

PRESIDENT Lech Walesa yesterday denied that he was intending to run in Poland's parliamentary election next September, Christopher Bobinski reports from Warsaw.

He said he had suggested a new political grouping be formed in order to avoid anarchy and disorder. Poles "no longer believed in political parties".

He was responding to Mr Adam Michnik, editor of Gazeta Wyborcza newspaper, who attacked the "new type of party made up of those merely interested in holding on to power".

Ukraine demand over Sevastopol

Ukraine's parliament yesterday demanded Russia withdraw its claim to the Crimean port of Sevastopol, writes Chrystia Freeland in Kiev.

MPs described the Russian parliament's claim on Sevastopol, in the Ukrainian region of Crimea, as "an aggressive political action" and demanded that the decision be formally repealed. They said it was unacceptable for the unilateral Russian claim on part of their territory to remain on the law books.

President Boris Yeltsin has condemned his parliament's move.

Abkhazia rebels scorn ultimatum

Leaders of the breakaway Georgian province of Abkhazia yesterday scorned an ultimatum to withdraw from villages near the provincial capital, Sukhumi, John Lloyd reports from Moscow.

Mr Sukhba Sossuliyev, Abkhazian defence minister, called the ultimatum a bluff. Abkhazian positions based in the villages shelled Sukhumi early yesterday morning, hours after the midnight deadline for the ultimatum had expired.

West Europe car sales plummet

By Kevin Done, Motor Industry Correspondent

NEW CAR sales in western Europe plunged by 1.3m to 6.091m in the first half of the year - a fall of 17.3 per cent. Demand declined steeply in all the main markets except Britain's.

Sales last month fell by an estimated 18.4 per cent to 950,000, the sixth steep monthly fall in succession. The situation was worst in Italy, where year-on-year registrations dropped by 29.5 per cent.

Overall sales last month were lower than a year ago in 14 of 17 European markets. There were marginal rises in Denmark and Portugal, and stronger growth in Britain, where sales rose by 11.1 per cent. The UK, recovering from recession, has seen sales increase year-on-year in 12 of the past 15 months.

West Europe has suffered its steepest six-monthly fall in new car sales for more than a decade, with first-half demand lower in 15 of 17 markets.

The decline was led by a 19.9 per cent fall in Germany, Europe's biggest single market. Sales fell to an estimated 1.78m from 2.15m in the same period last year. First half sales in Spain were down by 29.3 per cent, in Italy by 22.5 per cent, and in France by 17.9 per cent.

Only Britain made a significant gain - of 9.1 per cent, albeit from a depressed level.

Volkswagen, Fiat and Ford suffered steep falls. The Fiat group, which includes Lancia and Alfa Romeo, lost most ground in the first six months. Sales plunged by an estimated 22.1 per cent compared with the 17.3 per cent drop in the overall west European market.

General Motors, which includes Opel/Vauxhall and Saab, gained market share helped by the successful launch earlier this year of its Corsa small car range.

Rover, the subsidiary of British Aerospace, is the only significant carmaker in Europe to have lifted sales despite the decline in the overall market. Volume rose by 10.5 per cent, increasing Rover's share to 2.8 per cent from 2.1 per cent in the same period a year ago.

Japanese carmakers have increased their share significantly from 11.8 per cent to 12.5 per cent, heightening tensions with first-half demand lower in 15 of 17 markets.

The decline was led by a 19.9 per cent fall in Germany, Europe's biggest single market. Sales fell to an estimated 1.78m from 2.15m in the same period last year. First half sales in Spain were down by 29.3 per cent, in Italy by 22.5 per cent, and in France by 17.9 per cent.

WEST EUROPEAN NEW CAR REGISTRATIONS

January-June 1993

Volume (Units) Volume Change (%) Share (%) Jan-Jun 93 Jan-Jun 92

TOTAL MARKET 6,091,000 -17.2 100.0 100.0

MANUFACTURERS:

Volkswagen (incl. Audi, SEAT & Skoda) 1,034,000 -20.7 17.0 17.7

General Motors (Opel/Vauxhall, US & Saab) 782,000 -14.4 12.8 12.4

Opel/Vauxhall - 750,000 -14.0 12.3 11.9

Peugeot (incl. Citroën) 21,000 -28.8 0.3 0.4

Fiat (incl. Lancia, Alfa Romeo, Ferrari Innocenti, Maserati) 724,000 -17.2 11.8 11.9

Ford (Europe, US & Jaguar) 718,000 -22.1 11.8 12.5

Ford Europe 700,000 -17.5 11.5 11.5

Renault 694,000 -17.6 11.4 11.4

Jaguar 5,000 -4.9 0.1 0.1

Renault 631,000 -17.4 10.4 10.4

Nissan 214,000 -9.0 3.5 3.2

BMW 198,000 -17.2 3.3 3.3

Rover 173,000 +10.5 2.8 2.1

Toyota 170,000 -0.7 2.8 2.3

Mercedes-Benz 164,000 -29.3 2.7 3.1

Mazda 113,000 -24.5 1.8 2.0

Volvo 86,000 -23.0 1.5 1.8

Honda 81,000 -15.4 1.3 1.3

Mitsubishi 79,000 -15.3 1.2 1.2

Total Japanese 722,000 -11.1 12.5 11.8

MARKETS:

Germany 1,752,000 -19.9 28.6 29.7

France 1,088,000 -22.5 17.8 18.0

United Kingdom 880,000 +9.1 14.4 13.4

Spain 813,000 -17.9 13.4 13.5

Italy 590,000 -29.3 9.7 7.3

Sales increased from US and sold in western Europe.

*VW holds 51 per cent and management control of Saab Automobile.

**GM holds 50 per cent and management control of Saab Automobile.

Percentages are based on first half 1993 registrations.

†Percentages and volume are based through industry cross-shareholdings.

Source: Industry estimates

Rostenkowski floats compromise proposal to end impasse

New US energy tax plan

By George Graham

CONGRESSIONAL Democrats met yesterday to discuss their strategy for hammering out a compromise US budget bill, amid signs of a move towards a new variant on the proposed energy tax, which would raise money from both transportation fuels and utilities.

The energy tax proposal, suggested by Mr Dan Rostenkowski, who as chairman of the House of Representatives ways and means committee is Congress's principal tax writer, is being floated as a possible way out of the impasse between the two different levies passed by the House and the Senate.

While the House preserved the outlines of the energy tax originally proposed by President Bill Clinton, to be calculated at 28.8 cents per million British thermal units, the Senate adopted a much more

modest proposal to tax petrol and diesel fuel at 4.3 cents per gallon.

The Btu tax appears to be dead, but House representatives are expected to insist that its replacement raise something much closer to the \$72bn they expected from it than to the \$23bn the Senate fuel tax would raise.

It is unclear at what rates the Rostenkowski tax would apply, but by adding electricity it would have the advantage of spreading some of the burden of the transportation tax, which falls disproportionately on western states.

One rival proposal would scrap energy taxes altogether and instead stiffen the increases already planned in company and upper income tax rates.

The conference between House and Senate delegates to resolve the differences between their versions of the budget bill is expected to prove particularly difficult

because of the narrow margins by which the original bills were passed in each chamber.

Mr Clinton cannot expect a single Republican vote in either chamber, but Democratic whips say he can count on little more than 300 of the 258 Democrats in the House, and perhaps no more than 40 of the 55 Democrats in the Senate.

Every adjustment to the bill threatens to cost him support from either the right or the left: if spending is increased too much, he will lose conservatives, and if it is increased too little, he will lose liberals.

One thing the House and the Senate had seemed to agree on was the overall target of reducing the US budget deficit from its current trend by \$500bn over five years.

Even this, however, has now been called into question, with Senator John Breaux of Louisiana suggesting a more modest deficit reduction goal of \$400bn.

Clinton to seek \$2.5bn aid for flooded states

By George Graham in Washington

PRESIDENT Bill Clinton will propose \$2.48bn of aid for the six states in the Mississippi and Missouri basins devastated by record floods, White House officials said yesterday.

The money is expected to be included in an emergency bill to go to Congress shortly.

Mr Clinton cut short his holiday in Hawaii to fly back for his second visit to the flooded area yesterday, inspecting relief efforts in Des Moines, Iowa, where the swollen Raccoon River has knocked out the city's water purification plant and cut off clean water supplies to 250,000 people.

The tide of grantees visiting the region - Vice-President Al Gore visited on Monday and Mr Clinton may return this weekend to St Louis - places its own logistical burden on emergency workers already stretched thin.

However, the White House appears desperately keen to signal its close involvement with the disaster. Some political commentators have gone as far as to suggest that Mr Clinton, by attending

the Group of Seven industrial nation's summit in Tokyo last week, was allowing himself to be turned into a foreign policy president no different from his predecessor, Mr George Bush.

Others had noted the contrast between pictures of Mr Clinton frolicking in the surf during his holiday and the town and Missourians up to their necks in floodwater.

However, there is little evidence that the US public at large begrudges Mr Clinton his few days of holiday, but political pundits recall the difficulties that Mr Bush's holiday habits brought on him.

Ma Dee Myers, White House press secretary, said the relief aid request would cover the rest of fiscal 1993, to September 30, and would be part of an emergency supplemental spending request.

Democratic congressional leaders have said they would try to speed action on any proposed flood relief. Mr Clinton was expected to discuss the matter with bipartisan members of Congress during a visit to Capitol Hill today.

Damage estimates from Illinois, Iowa, Minnesota, Missouri,



Volunteers with sandbags work to shore up a dike in West Des Moines, Iowa. President Bill Clinton visited the city yesterday

Nebraska, South Dakota and Wisconsin put the flood's cost so far at around \$3bn - about \$2bn for destruction of crops and \$1bn in other property damage. Even before President Clinton arrived, Iowa Governor Terry Branstad said he doubted that the federal aid would be enough.

"The damage in the state of Iowa is probably going to exceed \$1bn," he said.

City seethes in summit shadow

LEADERS began gathering in north-eastern Brazil yesterday for the third Ibero-American conference, which will focus on economic development and social justice.

The two-day summit, which starts today in the city of Salvador, brings together Latin American heads of state and those of the region's former colonial powers, Spain and Portugal.

Veronica Baruffati on prospects and problems for the Ibero-American conference, opening in Brazil today

Much of the two days will be spent drafting a document - An Agenda for Development, with emphasis on social development - to be presented to Mr Boutros Boutros Ghali, UN secretary general, for further discussion at the UN.

Most of the participating countries share urgent problems, such as high infant mortality, poor access to basic health and education services, illiteracy, malnutrition and endemic disease. Since May, ministerial meetings have been drawing up working papers on some of the issues.

Away from the conference's main agenda, President Alberto Fujimori of Peru is expected to use the gathering to further his international

rehabilitation following criticism of his dissolution of Congress and seizure of wide powers in April last year.

Admiring Brazilian press articles on Peru's economic progress under Mr Fujimori pushed Brazil's President Itamar Franco to pledge this week that there would be no "Fujimorisation" of Brazil.

Citizens of the habitually languorous city of Salvador, Brazil's first capital, have been sharply critical of preparations for the conference and the accompanying facelift. Many claim the meeting will do little to solve everyday problems.

Only recently an official report put at more than \$50,000 the number of children engaged in commercial sex in Brazil and a survey described 32m Brazilians as "desperately poor". Inflation for this year is being projected at a record 2,200 per cent.

In recent weeks the city has seen feverish activity to spruce up areas between the airport, the convention centre and the hotels where 21 leaders, including Cuba's President Fidel Castro, will be staying.

Armies of otherwise unemployed men have donned bright yellow uniforms to resurface and paint the city's two main arteries and clear up years of rubbish dumped along the roads and washed up on the city's beaches.

Hotels have rebuilt suites, and restaurants near the conference area have been subjected to weeks of rigorous inspection. In recent years

parts of the historical centre, Pelourinho, with its magnificent churches and colonial architecture, have been restored, becoming one of Brazil's main tourist attractions.

Mr Franco will make his first official visit to São Paulo on Saturday, with several other heads of state, to inaugurate

the permanent seat of the Latin American parliament.

This will coincide with a visit by more than 200 parliamentarians attending the biennial general assembly of the parliament in what is seen by many as a new phase in the process of Latin American integration.

EVERY DAY, ENOUGH COPPER FLOWS INTO HONG KONG'S HARBOUR TO PLATE BIG BEN.

WILLIAM LAU IS WORKING ROUND THE CLOCK TO STOP IT.

This year, Waste Management International plc has made an important contribution to life in Hong Kong. Our Enviropace Ltd. subsidiary has opened Asia's first comprehensive waste treatment facility. And not before time, some might say.



Currently, the vast majority of Hong Kong's industrial waste is dumped - via an overburdened sewer system - into Victoria Harbour.

Daily, this includes enough copper to plate Big Ben. And enough metal to build two London double decker buses.

Now, with the start up of the Hong Kong Chemical Waste

Treatment Centre, Enviropace is helping to stop the clock on these and other discharges.



Under a unique contract with the Hong Kong Environmental Protection Department, Enviropace designed, built and now operates the facility, providing

environmentally safe waste treatment for thousands of local manufacturers.

With two advanced treatment systems, incorporating nine individual units, the Centre boasts some impressive technology. But the human



aspects of the operation are perhaps even more important. Designed and built by an international team, it is now operated on a purely local basis. From technical manager William Lau to our

gatekeeper, all staff - except for a handful of temporary support personnel - are Hong Kong recruits.



This is crucial to our philosophy.

We like to see our local installations run by local people; people who take real pride in doing something positive for their own community.

With the help of William Lau and Waste Management International, Hong

Kong has taken a major step towards improving its environment. Now, in the Year of the Rooster, Hong Kong really does have something to crow about.

Today, we provide environmental services for over 150,000 businesses and for millions of households in 16 countries across the world.

Our operations encompass collection, treatment, recycling and incineration of most types of waste materials, landfill disposal, waste-to-energy facilities, waste

water treatment, contaminated site remediation, and on-site waste reduction and minimisation services.

For more information, call us on 44-81-563 7000.



Waste Management International plc
LOCAL PRESENCE. GLOBAL KNOW-HOW.

Property groups agree \$500m Mexican project

By Damien Fraser in Mexico City

REICHMANN International and Soros Realty, the property companies run by Mr Paul Reichmann and Mr George Soros, have agreed in principle to develop a new stage of the huge Santa Fe real estate scheme in Mexico City, in a project that could be worth about \$500m.

The companies, which formed a joint venture in February, are also negotiating property developments that could be worth up to \$500m in the Alameda district in the city centre, and up to \$300m in the construction of two tower blocks on the city's main avenue, Paseo de la Reforma.

They are looking for partners to spread the cost. Sources close to Mr Soros said the sums mentioned would "only represent the total value over a long time and would not represent any specific investment laid out". They said talks over the Alameda shopping and residential project were "nowhere near complete".

Mr Juan Enriquez Cabot, the city government official in charge of the Santa Fe development, said the investment was a vote of confidence in Mexico and its economic future.

Observers may also interpret Mr Soros's interest as his blessing for the peso, which is considered vulnerable to the sort of speculative attack favoured by the US financier and his hedge funds.

The Soros and Reichmann companies had agreed in principle to buy about 120,000 square metres of land in Santa Fe on the western outskirts of Mexico City. Mr Enriquez Cabot said. The companies will develop the fourth stage of the \$5bn-\$10bn project, building houses, office blocks, and shopping centres in what was once a rubbish dump and strip mine.

Mr Soros's Quantum Realty Fund will not take a stake in the proposed investments. While the fund is advised by Reichmann International and Soros Realty, its purpose is to invest in finished developments in the US and Canada.

Haitian protesters support Aristide

HAITIAN soldiers fired in the air yesterday to break up a protest by scores of youths urging the immediate resignation of military rulers and the return of exiled President Jean-Bertrand Aristide, AP reports from Port-au-Prince.

No arrests or casualties were reported from the confrontation, which took place in the vast Port-au-Prince slum of Cité Soleil, where troops massacred scores of Aristide supporters after a military coup in September 1991.

The protesters, most of them teenagers or younger, carried photographs of the deposed president and chanted: "Aristide, the country is for you!"

The protest came as Haitian politicians from across the political spectrum were gathering in New York for UN-brokered talks on setting up a democratic government.

The talks, which opened yesterday, will address how to bring peace to Haiti, contain political strife, and get parliament back on track so President Aristide can return to power on October 30.

The talks, which are expected to last three or four days, are the second stage in a UN-sponsored process outlined under a July 3 agreement signed by Mr Aristide and military chief General Raoul Cedras.

Italy shocked by demand to recall general

By Robert Graham in Rome

THE ITALIAN government yesterday reacted with a mixture of astonishment and wounded pride at the demand by the United Nations for the recall of General Bruno Loi, commander of Italy's 2,400-strong contingent in Somalia.

The call for the general's withdrawal promised to set Italy on its most public diplomatic row with its major allies in recent years. In parliament there were demands for an immediate response and further questions about the possible recall of the entire Italian peacekeeping force in Somalia.

Mr Beniamino Andreotta, the foreign minister, said he was "astounded" by the behaviour of Mr Kofi Annan, the official in charge of all UN peacekeeping operations, who demanded the removal of Gen Loi in a New York press conference.

The foreign minister indicated Mr Annan spoke in direct contradiction to an understanding agreed with Mr Boutros Boutros Ghali, the UN secretary-general, the UN secretary-general.

He said it was clear the UN secretary-general wanted to bring forward the rotation of Gen Loi, and they had both talked about this being done in August. This would then give the Italian government time to

study the situation, Mr Andreotta told parliament.

However, the Ciampi government was last night being forced to choose between obliquing the UN and the US, the main power behind the peacekeeping operation in Somalia, and closing ranks behind Gen Loi and behind the increasingly divergent Italian view of how to handle matters in the former colony.

On Tuesday, the government indicated that Italian forces should be withdrawn from Mogadishu, the Somali capital. This was to avoid being seen as an "occupation force".

The Italian authorities insist that the operation in Somalia has lost sight of its original humanitarian and peacekeeping mission. At the same time the Italian troops are not fully equipped for combat roles in peace enforcement.

Gen Loi was quoted as saying: "I am perfectly at ease with my conscience. I have acted according to the spirit and letter of the UN mission."

Although in private, there is some admission that Gen Loi may not have acted in consultation with the UN command, Unicom. They also point out the Americans themselves have consulted little.

The Italian government is also sensitive to international criticism of the role of its troops since this is their first combat mission since the second world war. So far three Italian soldiers have been killed and more than 20 wounded.

Japanese 'madonnas' sing rival tunes

Robert Thomson watches the top two female candidates square off in the election campaign



Japanese elections

In the cloying drizzle of a Japanese wet season, a white plastic grocery bag tied around the cast on a broken foot, Ms Yuriko Koike, star of television and the Japan New party, hobbled forth to deliver one more speech in praise of a JNP-backed candidate.

"If I was paid by the hour for this sort of stuff, I'd be a very rich woman," said Ms Koike, confident enough of voter support in her home prefecture of Hyogo to give time to other candidates hopeful that a bit of Koike charisma will rub off on their campaigns.

But, before next Sunday's general election, Ms Koike cannot afford to venture too far from Hyogo, in western Japan, where she is engaged in symbolic battle with Ms Takako Doi, the "iron butterfly" and former head of the Japan Socialist party, now known as the Social Democratic party.

The local media have dubbed the Koike-Doi bout the "madonna showdown". Ms Doi was supposed to lead Japanese politics and women into a new era, but the expectations have

shifted to Ms Koike, whose past life as a television commentator has given her the off-camera confidence to keep a political gathering amused.

There are 70 women candidates, up from 66 in the 1990 poll and 35 in 1986, and it is pure coincidence that Hyogo is home to the two best known. The "madonna boom" was an important theme during the last campaign, although only 12 of the 512 members elected in 1990 were women, and the Japanese media have moved on to other subjects.

Hyogo has another symbol of the need for change: Mr Kenzaburo Hara, 86, running for the Liberal Democratic party for the nineteenth time, and the country's oldest candidate. He was politely advised by the party to make way for a younger candidate, but insisted that "this is the most important campaign of my life".

The congenial Mr Hara, who sees himself as a crusader against "corruption", is bewildered by more than just the plethora of new parties. Arriving for a speech at the Matzaki Gumi construction company, he was carefully guided into the building where construction workers, the LDP faithful, were to hear his faltering speech.

Matzaki has Mr Hara's post-

WOMEN CANDIDATES AND ELECTED MEMBERS		
Candidates	Elected	Percentage
1972	20	7
1976	25	6
1980	23	11
1984	28	6
1988	35	7
1990	66	12
1992	70	-

ers plastered on the office walls and presumes another win will be good for business. The campaign posters show a strong-boned man, apparently in his late 50s, but the reality is that Mr Hara, hands and forehead flecked with age, has been unable to defy nature.

Some LDP candidates are wary of being seen as too close to the construction industry, accused of illegal funding of politicians and bid-rigging. But Mr Hara is comfortable in the company of his friends at Matzaki, where the corporate slogan is "More, more".

"What will happen to Japan if the LDP does not win? If opposition parties form a coalition government, they will not be able to agree with each other because their policies are so different. It will be chaotic for the country," said Mr Hara, who still has a sense of the issues and a politician's hand-

shake. If an opposition coalition is formed, much will depend on Ms Doi and Ms Koike, who is second-in-command at the JNP. In Hyogo No.2 constituency, where they are competing, there are seven candidates and five seats. It appears that both will be elected, while Mr Hara may be defeated, though 35 per cent of Japanese voters are still "don't knows".

For Ms Doi, winning more votes than Ms Koike is a matter of honour, as is rousing support for the SDP, which is expected to have its tally of seats cut from 140 to less than 100. Voters are unhappy with the LDP but now have a wider choice in casting a protest vote, which has generally gone to the SDP in the past.

After arriving in the "Takako-mobile", a van festooned with slogans and high-decibel loudspeakers, Ms Doi attempted to inspire shoppers in a mall at Takarazuka, a Hyogo city famed for an all-women theatre company which performs "Gone with the Wind" and "Grand Hotel" to permanently sold-out houses.

Introduced as the woman who can save Japan from the LDP, she told 200 people the SDP would not fail at the polls "in spite of the predictions of the media". Like Mr Hara, she



Takako Doi: expectations have shifted to her rival

is contemptuous of the newly-emerged parties and their "lack of beliefs and ideas".

But Ms Doi is one of her party's greatest contradictions. An impressive speaker who seems to want the SDP to be a genuine alternative to the LDP, she remains an unrepentant ideologue. As leader, Ms Doi maintained the traditional support for totalitarian North Korea, and was unable to draft a

coherent economic policy.

"I don't vote for the Socialist party, but I do vote for Doi san," explained a 34-year-old woman standing in the Takarazuka mall. "I think she is a wonderful person. I trust her and, for me, that is the most important thing. I believe that she will try to do the right thing, even if her party does the wrong thing."

US and N Korea say nuclear row talks 'useful'

By Frances Williams in Geneva

SENIOR US and North Korean officials held seven hours of talks in Geneva yesterday in a second attempt to head off confrontation over Pyongyang's refusal to allow international inspection of suspect nuclear sites.

Mr Robert Gallucci, US assistant secretary of state, called the talks "useful". Mr Kang Sokju, North Korea's first vice-minister for foreign affairs, said they had been "intensive, productive and useful." The two sides meet again tomorrow.

Yesterday's was the second encounter over the issue following Pyongyang's decision in March to withdraw from the 1993 nuclear non-proliferation treaty. At talks in New York in June, North Korea agreed to suspend its decision but refused to give International Atomic Energy Agency inspectors access to the suspect sites.

The IAEA believes that North Korea may be storing plutonium that could be used

to make nuclear weapons without declaring it to the agency as required by the non-proliferation treaty rules.

North Korea denies this but has refused access to two buildings close to its nuclear reactor at Yonghyon, 95km north of Pyongyang, where the IAEA believes the plutonium may be stored.

The US and North Korea last month pledged not to start nuclear war and voiced support for a nuclear-free Korean peninsula, impartial application of IAEA safeguards, non-interference in each other's internal affairs and the peaceful reunification of Korea.

This week's talks centre on what would constitute "impartial" inspections. North Korea has claimed that the IAEA is biased in favour of the western powers, and the US has threatened to seek United Nations sanctions against North Korea if the talks fail. President Bill Clinton warned last weekend that, if North Korea ever used nuclear arms, it "would be the end of their country".

Seoul sacks generals over arms accusations

PRESIDENT Kim Young-sam of South Korea yesterday sacked two top generals allegedly linked to corrupt arms purchases, a Defence Ministry spokesman said. Renter reports from Seoul.

General Cho Nam-pung, commander of the country's three field armies, and Lt-General Park Woong, the assistant defence minister, would be replaced, the spokesman said. The two were among 34

defence officials and military officers accused last week by the Board of Audit and Inspection of being involved in irregular deals and bribe-taking.

Under Mr Kim's orders the board investigated recent military hardware purchases, including a \$5bn air force modernisation plan, which opposition politicians say were secured through corrupt means.



Kiichi Miyazawa, Japan's prime minister, wearing a security outfit, inspects damage on Okushiri island. Mr Miyazawa said temporary housing was urgently needed for evacuees after Monday's earthquake off Hokkaido. The ministry of home affairs said it would provide relief grants.

Industrial earnings in China surge

CHINESE industry more than doubled its earnings in the first five months of 1993, according to figures released yesterday. Renter reports from Beijing.

The State Statistics Bureau said the country's 357,000 industrial enterprises earned nearly Yn51.3bn (\$5.9bn) from January to May, a 110 per cent increase over the same period last year, the official China Daily newspaper reported. Sales were up nearly 40 per cent to Yn1,04bn and pre-tax profits rose nearly 50 per cent to Yn29.6bn.

"The impressive gains concealed problems that, if not resolved in good time, might drain the economy and stifle market demand," the bureau was quoted as saying. "The speed-up in industrial production has been excessive and has created tension between sectors of the economy."

The official Xinhua news agency said efficiency at large and medium-size state enterprises was up 17 per cent. It attributed this to more autonomous management, growth of heavy industry and rising consumption in coastal provinces. Much of the earnings gain came from the enterprises.

Tension rises in south Lebanon security zone

ISRAELI sent 1,000 soldiers and a fleet of tanks and armoured vehicles to its self-declared security zone in southern Lebanon yesterday, sparking renewed speculation of an imminent attack against Arab guerrillas, writes Julian Ozzanie in Jerusalem.

Israeli aircraft flew mock raids over both south and eastern Lebanon and the inner cabinet discussed a list of

possible military actions against Arab guerrillas operating in Lebanon as retaliation for the killing of five Israeli soldiers last week.

In Beirut Mr Rafik Hariri, the Lebanese prime minister, said the escalation in tension was aimed at putting pressure on his government to make concessions in the Arab-Israeli peace talks to the detriment of Lebanese sovereignty and dignity. "We will not submit to any blackmail from Israel," he said.

Mr Yitzhak Rabin, the Israeli prime minister, has vowed to strike back against the Palestinian and pro-Iranian Hizbollah guerrillas, responsible for last week's deaths.

Senior Israeli officials, however, played down the possibility of a serious

strike especially while Mr Dennis Ross, the US peace talks coordinator, was in the region. Mr Ross left for Washington yesterday.

Syria, which Israel blamed for the surge in violence, also called yesterday for the US to discourage an Israeli retaliation.

It said such action could jeopardise the next round of peace talks.

Israeli ban on PLO links under review

By Julian Ozzanie in Jerusalem

ONE of Israel's greatest taboos - a ban on direct contacts with the Palestine Liberation Organisation - is under serious review.

Since Mr Yitzhak Rabin's government came to power last year unofficial contacts between Israel and the PLO, long castigated as terrorists bent on the destruction of the Jewish state, have mushroomed. There is an increasing number of senior Israeli politicians who now believe a durable peace with Palestinians will not be possible without face-to-face talks with the PLO.

"If you are going to talk business you had better talk with the boss," said Mr Benny Temkin, an MP from the Meretz party, Mr Rabin's most important coalition partner. Despite government statements this week denying that officials have recently met the PLO, the belief that there is a secret dialogue refuses to go away.

The respected daily Haaretz newspaper said yesterday a senior Arabic-speaking Labour party official had had five or six meetings with PLO officials including Mr Nabil Shaath and Mr Bassam Abu Sharif in Egypt and the US. Haaretz said that after each meeting Mr Rabin was briefed in writing.

Mr Gad Ben-Ari, Mr Rabin's spokesman, denied the contacts again yesterday but, whatever the truth, it is clear there is a growing body of opinion in favour of direct dialogue with the PLO.

In January, the government repealed a law banning contact between individual Israelis and PLO officials. Several MPs have since held public meetings with PLO officials and one radical Labour MP Ms Yael Dayan met Mr Yasser Arafat, the PLO chairman, in Tunisia.

Meretz, which has 12 MPs in the 120-strong Knesset and four cabinet posts, is publicly committed to direct contacts with the organisation. Mr Temkin said the coalition agreement allows Meretz to raise the issue and "we are doing it now."

At least one Labour party minister, Mr Uri Baran, has also come out in favour of direct talks and a Labour MP claimed last week a further seven Labour party ministers privately supported the idea, which, if true, would mean an

11-7 majority in the cabinet. Furthermore, critics of the government say Mr Rabin's acceptance of the inclusion in the Palestinian peace delegation of Mr Faisal Husseini, who is close to Mr Arafat, was a tacit acceptance of a PLO role.

The issue has become more critical as the peace talks have faltered - especially over whether east Jerusalem should be included in the interim phase of Palestinian self-rule. Other issues critical to a peace deal, such as territorial concessions on the occupied West Bank and security guarantees, need PLO involvement, say experts.

However, an official change of policy will have to overcome two considerable obstacles. The first, according to Mr Ben-Ari, is that "Arafat personally

is viewed as a vicious, anti-Semitic demon and a symbol of so many things Israelis despise."

Opening a dialogue would be politically dangerous and play into the hands of the right-wing opposition Likud party. The second is that the Israeli government believes that a formal inclusion of the PLO in the peace process will lead the talks away from the interim phase of self-rule and towards the much more sensitive issue of an independent Palestinian state.

Most observers believe that any change in government policy will be gradual. But they say that progress on the peace talks will be difficult if not impossible without the PLO's official involvement in some shape.

Forbes
AMERICA'S
NO. 1
BUSINESS
MAGAZINE

FORBES:
CAPITALIST
TOOL

£3.50
ON SALE NOW

قائمة المندوبين

Commission seeks to be sole trade negotiator

Brussels wants US treaties modified

By Lionel Barber in Strasbourg and David Gardner in Brussels

THE European Commission has asked seven member states to modify bilateral friendship treaties with the US, in a move aimed at restoring its authority as sole trade negotiator of the EC.

The Commission's proposal is a further challenge to the informal US-German "non-aggression pact" in which each side agreed to exempt the other from trade sanctions in the US-EC dispute over public procurement.

Germany has come under renewed pressure to implement EC trade sanctions against the US in the transatlantic row over government telecommunications contracts.

Germany maintains that a 1954 trade treaty with the US prevents application of Article 29 of the EC's Utilities Directive which establishes a preference for EC companies on procurement contracts.

So far, Bonn has refrained from exchanging letters to confirm the deal with Washington. The Commission's latest move may inflame matters, but Sir Leon Brittan, the EC commissioner responsible for external economic relations, is ready to take Germany to the European Court of Justice if necessary, according to EC officials.

The Commission has proposed that Belgium, Denmark, Germany, Ireland, Italy, Luxembourg and the Netherlands give one year's notice to the US that they intend to modify bilateral friendship, commerce and navigation treaties to accommodate Article 29.

Only Germany considers itself exempt from Article 29, because its treaty with the US predates the Treaty of Rome. Commission officials said they were taking a hard line, in case member states with similar treaties further undermine the EC's united trade policy.

On the Uruguay Round Gatt negotiations, Sir Leon assured

the European Parliament yesterday that television broadcasts, films and other audio visual products needed special treatment.

Mr Willy Claes, Belgian foreign minister, said the EC should not be the "victim of a naive and free trade liberalism".

But Mr Claes made clear he was not in a hurry to reach agreement on proposals which would make it easier for the Commission to impose anti-dumping measures. This issue has divided the EC between protectionist-minded countries and free traders. Mr Claes said it would be better to wait until after an outline agreement in the newly-resumed Gatt trade talks in Geneva.

Japanese officials have agreed that Japan's car exports to the EC this year should be lowered further from the earlier agreed levels, to take into account the fall in EC demand, a European Commission source said yesterday.

Italian export insurance for review

Tighter guidelines will follow corruption charges, writes Robert Graham

IN A little-noticed move, the Italian Treasury has decided to carry out a thorough review of the operations of Sace, the state-run export insurance agency with total exposure of L52,266bn (£22.35bn).

The outcome is likely to have a profound impact on the way Italian exports are given cover. In future Sace - or its replacement - will operate on much tighter guidelines with more overtly financial criteria and less subject to the strong-arm of the politicians.

Sace has operated with a great degree of discretion and has been deeply beholden to political masters. This has been exposed in recent months by its involvement in the corruption scandals that have led in turn to a complete overhaul of the agency's board.

Mr Roberto Ruberti, head of Sace, is still in jail after being arrested on March 11 on charges of corruption. Two other senior Sace executives were arrested, along with three other figures linked to the export credit business. Mr Ruberti, a former member of the Bank of Italy, is alleged to have received payment in

return for providing Sace cover for overseas Italian contracting operations.

These developments prompted the Treasury to move in and take a closer look at Sace, while also guaranteeing the normality of the agency's operations. Rome magistrates are understood to be examining a series of suspect insurance deals, especially in the Caribbean, between 1983-88. Some \$300m-\$400m (£200m-£270m) is involved.

Until the magistrates have clarified matters, the Treasury cannot approve formal settlement of the suspect operations. As a result the Treasury is expected to establish an escrow account to assure creditors they will be paid.

Even without the damage caused by being caught up in the corruption scandals, Sace was in need of a reappraisal. Questions have been building up for years about how far the Treasury should be funding indemnity payments and over the slim size of premiums.

There have also been demands for a better definition of the types of country risk available for Sace cover, as well as new guidelines on the agency's role

in backing overseas aid projects. The latter area is where some of the worst abuses are believed to have occurred.

The Treasury has handed out over L3,380bn in the past two years to assist Sace pay-out indemnity claims and L1,400bn more is likely this year. The level of indemnities is believed to have peaked in 1992, the large recent

Even without the damage caused by the corruption scandals, Sace needed reappraisal

amounts reflecting problems dating back to 1983-90. These losses relate primarily to the Latin American debt crisis, exposure in Egypt and problems arising from political change in east Europe - notably the former Soviet Union, ex-Yugoslavia and Poland.

The need for such Treasury support stems more from low premiums than from the income received from credits recovered. Since Sace was established in 1977 premiums

have slipped from covering over 80 per cent of indemnities to under 10 per cent. The ratio of recoveries to indemnities is over 60 per cent.

Since 1990 tighter methods of control have been in operation; but only now are the authorities recognising that Sace has conducted insurance cover on far too discretionary a basis. Thus one of the main tasks of the commission will be to provide a set of ground rules for transparent operations judging risk both by country and by business sector.

A more sensitive issue concerns future Sace policy towards covering investments regarded as strategic in risk countries. This is especially important for Italy, which depends almost wholly on energy imports whose cost has to be offset by an aggressive export policy. Successive governments have thus encouraged big trade and project finance deals with the energy suppliers. The most notable examples are trade and investment deals to offset the cost of Algerian and Soviet gas.

Between them, Algeria and the former Soviet states account for L15,000bn (split in

roughly equal parts) of Sace's cover - nearly 30 per cent of all long-term commitments. Much of the L7,000bn Sace cover for Algeria embraces trade and investment related to building a second under-the-Mediterranean gas pipeline. Nevertheless, at present these countries would not necessarily come within the ambit of stricter criteria for Sace coverage - either in terms of political risk or because of non-payment of debts.

The Treasury commission will therefore have to decide whether such strategic investments are determined by reasons of state or by purely commercial considerations. If the former, then cover will have to be arranged in a different way - for instance, guaranteed direct by the Treasury or backed by special collateral.

A pointer is the current negotiations between ENI, the state oil concern, and Gazprom for a \$1.8bn contract to modernise and upgrade the Russian federation's gas pipe network. Here the Italians want a commodity collateral in gas or oil. Only when the collateral has been finalised will the Sace cover of \$1.6bn be forthcoming.

Japan cautious on surplus cut

By Charles Leadbeater in Tokyo

JAPAN's current account surplus is unlikely to be reduced in the next two years despite last week's agreement with the US that there should be a significant cut, a senior Japanese government official warned yesterday.

Mr Sozaburo Okamatsu, the Ministry of International Trade and Industry's vice-minister for international affairs, said the surplus would probably only start to fall in three years' time and the pace of change would depend on the state of the world economy as much as the strength of Japanese domestic demand. He confirmed the Japanese government was discussing policies which would allow it to meet its commitment to pursue strong and sustainable domestic demand.

Miti officials believe it could take up to five years for the surplus to be significantly reduced, as the agreement demands.

Mr Okamatsu, the senior Miti official involved in negotiating a trade talks framework with the US, said the agreement did not sanction the use of numerical targets to open up Japanese markets to imports. The "objective criteria" referred to in the framework to measure progress in opening markets would only be used to assess past progress and not set goals.

"We only agreed to use data from the past, not data which could be used as a target for the future," he said.

The use of numerical targets to guide Japanese policy had been the most contentious issue in talks over the framework, which culminated in an agreement last Saturday.

The US had been pressing Japan to accept the goal of halving the current account surplus - expected to be about \$150bn (£100bn) this year - to 1.2 per cent of gross national product.

Instead, the agreement commits



Okamatsu: no numerical targets

Tokyo to "achieve a highly significant reduction in the surplus over the medium term". Mr Okamatsu defined the medium term as about five years.

Geneva reclaims Gatt talks

By David Dodwell, World Trade Editor, and Frances Williams in Geneva

THE 116 countries involved in the Uruguay Round of global trade liberalisation yesterday launched two weeks of intensive negotiations in Geneva aimed at laying foundations for a successful agreement by the end of the year.

Talks will focus on tariff cuts in manufactures and farm products, and opening markets to trade in services.

This is the first time in six months that multilateral negotiation toward the long-delayed agreement has been engaged. For much of the past two years most negotiators have been hapless spectators to bilateral wrangling between the US and the European Community, and more recently between the "quad" countries, which include Japan and Canada.

Mr Peter Sutherland, the new director-general of the General

Agreement on Tariffs and Trade, which is overseeing the negotiations, called yesterday on participants to table significant market-opening offers. "We can't allow the process to drift aimlessly. We simply don't have the time," he said after briefing negotiators on the breakthrough achieved at the Group of Seven summit in Tokyo last week.

He hailed the tariff-cutting agreement as "not comprehensive, but a good package which allowed us to say there had been a very positive result". It was already clear the overall Uruguay Round package should achieve tariff cuts "well in excess" of its one-third target.

Mr Sutherland has called a further meeting of the Trade Negotiations Committee - the principal body overseeing the Uruguay Round negotiations - in two weeks. He will then examine progress, and "point fingers at the poor performers" if necessary.

A further TNC meeting will be called late in August to "set a criti-



Sutherland: calling for offers

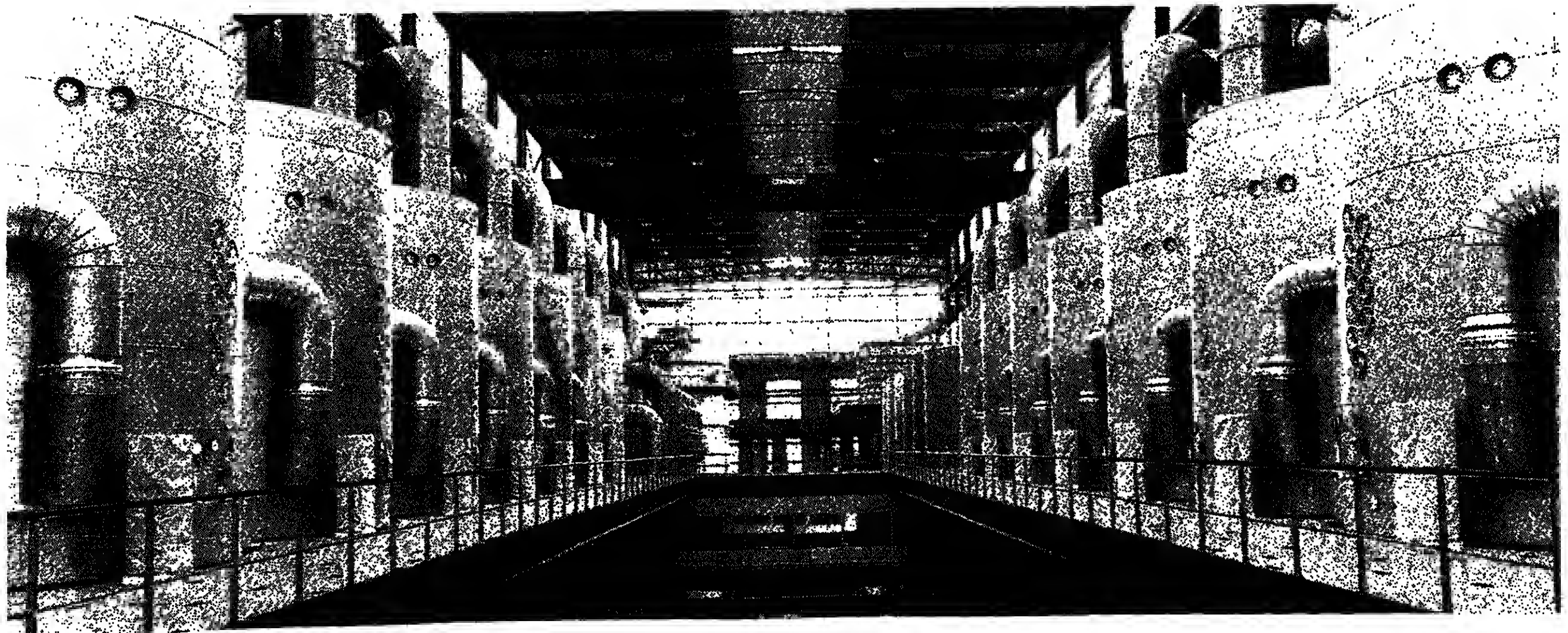
cal path" for negotiations through autumn. The target is to complete an agreement in principle by December 15, when the US administration's fast-track authority runs out.

German state seeks investment

MECKLENBURG-West Pomerania, the most rural and thinly populated of the new east German Länder (states), is seeking foreign private investment in the water, sewage, housing and tourist industries, said Mr Berndt Seitz, its prime minister, Peter Norman writes.

Visiting the UK, Mr Seitz said seven British companies were interested in investing in the state, including companies in the building material and food sectors. He said it could take 20 years before the state caught up with western Germany's standard of living. But it could offer a wide range of financial inducements to potential investors and had good contacts with industry in former communist countries.

Mannesmann's decisive edge



Central control console of the Contronic P process control system from Hartmann & Braun at the Uelzen sugar factory in Germany.



Monitoring, regulation and control - all in one

Rush hour in the sugar factory: More than 14,000 tonnes of beet roll onto the conveyor belts every day at the height of production. Yet the process control system from Mannesmann Hartmann & Braun keeps everything moving right around the clock - monitoring, regulating and controlling all the

washing, extraction, cleaning, separation, boiling, evaporation, drying, and filling operations. Electronic sensors pick up all the information necessary, enabling the automatic control system to keep the process simmering around optimum. The result: Savings in raw materials and energy, less burden on the environment, greater plant protection and a reduced operative workload.

Mannesmann builds plants and machinery, makes systems and components for the automotive industry, manufactures hydraulic, electric and pneumatic drives and controls, develops and supplies measurement, automation and information technology, provides telecommunication services, produces steel tube and pipe, and trades on a worldwide scale. Income from sales earned by its 137,000 employees lies in the region of DM 28 billion.

Mannesmann AG
D-4000 Düsseldorf 1

mannesmann technology

Thatcher calls for British referendum on Maastricht

By Alison Smith

LADY THATCHER, the former prime minister, made a passionate plea yesterday for a referendum on the British people could decide whether to surrender more of their powers to the European Community.

Addressing the House of Lords, parliament's upper chamber, she said EC institutions were diminishing the UK's sovereignty so far and so fast that the people should be asked whether this was what they wanted.

In a final appeal on behalf of the opponents of the Maastricht treaty on closer European political and monetary union, she concluded: "It is the people's turn to speak. It is

their powers of which we are the custodian."

But the idea of a referendum on Maastricht was firmly rejected in a series of speeches from government and opposition spokesmen, as well as four former members of Lady Thatcher's cabinet.

Lord Lawson, the former chancellor of the exchequer, argued that the UK's "opt out" on monetary union meant that a referendum was not needed now. He added, however, that since in his view monetary union implied a loss of national sovereignty, if the UK were ever to opt for monetary union, then there should be a referendum at that point.

Lord Lawson claimed the Maastricht treaty only built on agreements entered into by Lady Thatcher when, as prime minister, she secured parliamentary approval for the single European act.

Many peers, including Lord Wakeham, the leader of the Lords, warned that embarking on a referendum so long after signing the treaty and having gone through so much of the parliamentary process would do "the greatest possible damage to Britain's reputation" in the Community.

Lord Whitelaw, one of Lady Thatcher's most influential confidants when he served as deputy prime minister, told peers that by supporting the demand for a referen-

dum they would be seen to be seeking to usurp the "leading role" of the Commons. He stressed that MPs had rejected a referendum by a massive 239 vote majority.

Lord Whitelaw underlined the role of the Lords as a revising chamber and maintained that a vote in favour of a referendum would be seen as a clear rejection of the decision already reached by the Commons.

Making clear Labour's opposition to a referendum - which has led to the government's confidence of defeating the referendum campaign - Lord Richard, the party's leader in the Lords, said the treaty had been given ample consideration. "It is time that the talking now stopped".

Yesterday's debate marked the climax of the Lords' consideration of the Maastricht bill. Though a further stage remains, it will not provide the opportunity for the set-piece occasion which saw peers sitting on the steps of the throne and crowding at the limit of the chamber to hear the main speakers.

Instead, the most serious challenge for the government will come in the debate on the social chapter in the House of Commons, later this month, once the bill itself has become law.

A coalition of opposition parties in favour of the social chapter and Tory rebels still seeking to frustrate ratification could defeat the govern-

ment, by supporting a move to prevent the UK ratifying the treaty until it had committed itself to the social agreement.

In a speech which once again raised the profile of the Euro-sceptic cause, Lady Thatcher painted a picture of a Westminster parliament in which representatives were no longer accountable to those who had elected them because they had passed decision-making powers to the European Commission and had been unable to prevent the European court extending its powers.

The UK had "surrendered too many powers already. We should surrender no more unless the people wish it," she said.

Sanctions urged to halt illegal data trade

By Rachel Johnson

NEW LAWS are needed in Britain to stamp out a growing black market in confidential personal information ranging from bank account details to legal records, the Data Protection Registrar said yesterday.

Mr Eric Howe, the registrar, is so concerned about the UK market in data on income tax, bank accounts and credit cards that he has asked the Home Secretary to launch a parliamentary investigation into the nature and extent of the trade.

He wants the government to consider whether there should be stronger laws against "disclosure by deceit", even though the Data Protection Act requires banks and other personal data users to have appropriate security for the information they hold.

A loophole in the act means that personal details can be disclosed by a data user, such as a bank, provided it is authorised under the Data Protection Register to reveal such information.

The act requires data users to register if they disclose personal details to another organisation such as a credit reference agency.

But bank staff are being duped into giving away confidential information to unauthorised private agents posing as authorised users and hired mainly for debt collecting purposes, according to the Mr Howe.

Banks and finance houses have become increasingly concerned about the leaks of information following complaints by Mr Norman Lamont, the former chancellor of the exchequer, and Ms Stella Rimington, the head of MI5, that the security of personal files had been breached.

The British Bankers Association has been reviewing security in banks following reports that "tracing agents" were bribing banks' staff for the internal codes, required, to authenticate inquiries.

Some tracing agents who specialise in debt collection and other private inquiries can also subscribe to this data. But the agencies insist that only those with appropriate consumer credit licences can obtain financial data.

The agencies - the largest are Infolink, CCN and Equifax - offer tiered access to data, and charge different amounts depending on the amount of data disclosed.

● Infolink charges 53p per record for a check on "black data" held against a person, including court judgments and bankruptcy rulings that indicate that a person is a very poor credit risk.

● For £1.41, a user approved to receive credit data will get additional "white data" on how the individual has handled other financial contracts. This will not include bank account details and payment records unless the user has access to "closed" data.

● Subscribers who have agreed to supply information such as payment records for their own credit card will receive detailed information from other subscribers' records.

The registrar is concerned that stronger sanctions are needed to deter unauthorised access by third parties.

Mr Howe also warned that the re-issue of National Health Service numbers could introduce a system of national identification. He doubted whether the use of NHS numbers would be adequately restricted by Crown Copyright - which would not even prevent the use of the number by other crown agencies.

Complaints by individuals to the DPR about the use of their personal data rose from 1,747 in 1992 to 4,500 this year.

Most related to credit references, vehicle licensing records, criminal and financial records. But complaints about direct marketing, or "junk mail", fell.

Fraud inquiry at Lloyd's agency

By Richard Lapper

THE SERIOUS Fraud Office yesterday launched a formal investigation into the affairs of insurance syndicates formerly managed by the Gooda Walker agency at Lloyd's of London, presenting new difficulties for the insurance market as it seeks to attract new corporate investors.

Gooda Walker syndicates lost more than £900m between 1987 and 1990, accounting for nearly a sixth of the market's overall losses of more than £6bn. Leaders of loss-making Gooda Walker Names - the individuals whose assets support underwriting at Lloyd's - welcomed the report but called on Lloyd's to suspend its moves to draw down its assets pending completion of the investigation.

"This is the conclusion of a long campaign to have these allegations of fraud taken seriously," said Mr Michael Deeny, chairman of the Gooda Walker

Name your price - feudal titles for sale

Sales by distressed Lloyd's Names are contributing to a boom in demand for feudal titles, according to an auctioneer who specialises in the market.

"It's like the Norman conquest only to reverse. The Anglo-Saxons are getting their own back," says Mr Robert Smith, of London-based Manorial Auctioneers, who says his firm has sold more than 200 Norman titles in the first six months of 1993.

Lloyd's Names who have sold titles recently include the Earl of Carlisle, who raised £55,000 by selling his barony of Gileland to Cumbria to a US buyer.

"It's a very painless way of raising a bit of cash," says Mr Smith, who says that at least 100 Lloyd's Names - the individuals whose assets support the insurance market - have sold their titles this year alone.

A list of 70 titles currently being marketed by Mr Smith includes the Lordship of Shrewsbury's Fee in Isleham, Cambridgeshire - a snip at £5,500 - and the Lordship of Bermondsey in London - a more expensive £35,000.

Action Group, which represents more than 2,000 Gooda Walker Names.

The SFO decision to investigate follows its review of a report into the four Gooda Walker syndicates by Mr Ken Randall, a director of the

reinsurance policies that allow Lloyd's syndicates to manage their reserves against so-called long-tail claims more effectively. Long-tail claims emerge many years after the inception of policies. Mr Randall is now examining other areas of syndicates' business.

Mr David Rowland, chairman of Lloyd's, said he had decided to publicise the investigation which he said ran parallel to Lloyd's own formal enquiries. "I was determined to get it into the public arena. We want to deal with this rigorously. The misdeeds of the past should be exposed."

Mr Rowland insisted that Lloyd's would go ahead with its plans to issue cash calls and draw down the deposits of Gooda Walker Names, in spite of the probe. "We have a duty to pay the claims," he said, hinting at a possible clash with Names. Some 4,500 Gooda Names are expected to pay cash calls totalling some £157m at the end of this month.

agency now managing their affairs. The Randall report, which was handed to the SFO in April, alleged that Gooda Walker syndicates artificially inflated their profits during the 1980s through the improper use of "time and distance" policies

Labour outlines proposals for statutory investment watchdog

By David Owen

A LABOUR government would set up a British Securities and Exchange Commission with comprehensive supervisory and enforcement powers, a spokesman said yesterday.

Under a blueprint set out by Mr Stuart Bell, a trade and industry spokesman, the new body would swallow the much-criticised Serious Fraud Office, which would become its enforcement arm. It would take over all fraud, regulatory and supervisory work currently handled by the Department of Trade and Industry.

Mr Bell said the British SEC would be a statutory authority with powers over retail banking, building societies, insurance, corporate governance, accountancy, pension funds and the Lloyd's insurance market. Labour would also overhaul UK insolvency laws, introducing "Chapter Eleven-type" procedures to give companies in difficulties a "better chance of survival", he said.

His speech to the Oxford university business summer school appeared to open a rift over City regulation between Labour's Treasury and trade and industry teams.

Less than two months ago Mr Alistair Darling, a Labour Treasury spokesman, said he did not advocate the "importation" of a US-style SEC. "We need a solution designed for the UK," he told the Scottish region of the London stock exchange.

Anticipating criticism of Labour's suggested approach, Mr Bell argued that statutory regulation was "no more time-consuming or expensive than self regulation". The SEC in the US was self-financing and in 1991 raised 132 per cent of its operating budget in fees, he said.

Smith claims victory in battle over union links

By Ralph Atkins and David Goodhart

MR JOHN SMITH, the Labour opposition leader, yesterday claimed victory in the first round in his battle with trade unions over their links with the party by striking a deal on sweeping reform proposals.

Mr Smith expressed delight when an internal review group of union representatives and Labour MPs backed changes in line with his own thinking, on the selection of Labour candidates, the election of future leaders and on ending union "block votes" at party conferences.

The deal was a victory for Mr Smith whose confrontation with trade union bosses over the principle of "one member, one vote" (Omovo) has turned into a test of his leadership. He said a "broad consensus" had been reached.

But the initial reaction of key unions last night was not supportive and Mr Smith still faces a struggle to win approval for the proposals on selecting candidates.

The agreement will go to Labour's ruling National Executive Committee on Monday and a summer of attrition between the Labour leadership and the trade union movement is likely before the proposal reaches the party's conference in September.

After a day-long meeting, the review group's report was agreed without a vote after representatives of the GMB and TGWU unions, the most vocal opponents of Omovo, apparently decided not to try to block the plan at this stage.

The group backed Mr Smith's insistence that only full members of the Labour party should vote in the selection of parliamentary candidates. Under a so-called "levy-plus" system, Labour-supporting trade unionists would also have to pay a reduced membership fee, in addition to the political levy, to become members.

On leadership elections, the group proposed a new electoral college with trade union members, Labour MPs, and constituency members each having a third of the votes compared with the present 40-30-30 split.

In addition, votes in each section of the electoral college would be cast individually, so a constituency or trade union's votes would be allocated according to the support for each candidate, ending the winner-take-all "block vote".

In the same way, at Labour party conferences, the votes of unions, constituency parties and affiliated organisations would be cast by individual delegates in strict proportion to the numbers they represented.

The main compromise was in describing trade unionists who join the Labour party as "registered trade union members."

Britain in brief



Jobs agency highlights use of contacts

Nearly half of all job vacancies in Britain are filled through informal "word of mouth" contact, according to Mr Mike Fogden, chief executive of the Employment Service, the agency which runs government job centres.

Mr Fogden said that between 40 per cent and 45 per cent of jobs are filled by informal contacts. The agency, which he has run since 1987, accounts for about 30 per cent of placements, with the rest covered by classified advertising and private agencies.

He said that as many as 25 per cent of the workforce may have experienced unemployment between April 1990 when unemployment started rising and February this year when it fell.

Guidelines on share options

Britain's two leading shareholder bodies have issued guidance on executive share option schemes aimed at ensuring that top executives are only rewarded for performance.

The National Association of Pension Funds and the Association of British Insurers, whose members own more than half the shares of UK corporations, said the guidance is intended to let companies know the kinds of share option schemes they should approve.

John Birt defends BBC

Mr John Birt, the BBC director general, lashed a counter-attack against his critics who have described as traditionalists, opportunists, society's back-

lers and old BBC soldiers "sniping at us with their muskets".

The riposte, which included an unprecedented attack on the past inefficiency of the BBC, came the day after Mr Mark Tully, the BBC's south Asia correspondent had attacked what he called the atmosphere of fear and sycophancy in the corporation.

The BBC had been, Mr Birt told the Radio Academy Festival in Birmingham yesterday, "an unwieldy, almost soviet-style command economy" where money was allocated from the top down to every activity. Since 1990, Mr Birt said, £180m had been saved and savings now running at around £100m a year were being ploughed into programmes.

Tower Bridge under repair



Tower Bridge, one of London's most famous landmarks, has been closed following a structural inspection which found that steel beams beneath the road surface were seriously corroded. A team of engineers is restoring the 100-year-old bridge, used by 40,000 vehicles a day, by repairing the Victorian beams to give it a further working life of at least 60 years. The work is due to be completed in September.

Tories seek spending cuts

Right-wing Conservative MPs have presented proposals for "vigorous" cuts in public spending to Mr Kenneth Clarke, the chancellor of the exchequer, and warned that income tax increases would "betray all that the party stood for".

Further cuts on public spending should take priority also over another extension of indirect taxes such as VAT, the steering committee of the 92 Group of Conservative MPs said in a report given to Mr Clarke. Its proposals included a moratorium on recruitment to the civil service and government agencies, and cuts in spending on defence.

Optimism up in Scotland

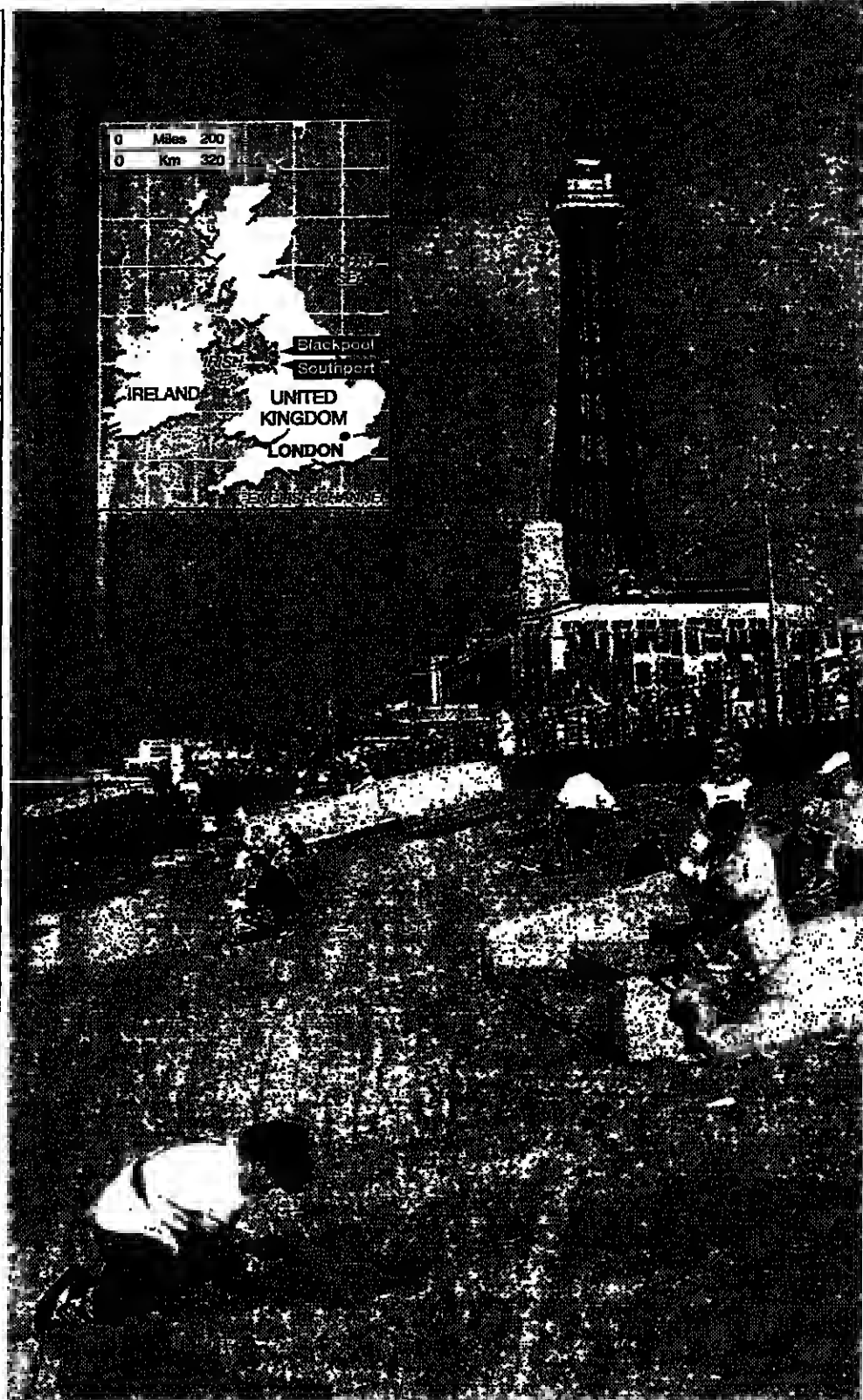
Scottish business is more optimistic than at any time since late 1990, according to the latest quarterly survey by the Fraser of Allander Institute - the economic research body at Strathclyde University in Glasgow - and six chambers of commerce.

The survey found business confidence had risen across the board, but it had fallen in demand for personal loans. Demand had risen "significantly" in manufacturing and retailing, but it had fallen in construction and risen "moderately" in the wholesale and tourism sectors.

Strike ballot at Lloyds Bank

The banking union Bifa is balloting its 12,000 members at Lloyds Bank this week on a series of one-day strikes over pay. The union is protesting over the ending of cost-of-living increases and the introduction of performance pay. The ballot will close at the end of August.

The 22,300 members of the Lloyds Group Union have already balloted their members on the same issue - the result is expected in the next few days.



Blackpool beach: "People don't go into the sea because it is too cold, not because it is dirty"

Dirty beaches tarnish Blackpool's Golden Mile

By Bromwen Maddox in London and David Gardner in Brussels

BLACKPOOL'S Golden Mile resort reacted with outrage yesterday to a ruling by the European Court of Justice that its beaches do not meet environmental regulations.

Mr John Donovan, secretary of the 1,300-strong Blackpool Hotel and Guest House Association, which caters for many of the resort's 15m visitors a year, said: "People don't go into the sea because it is too cold, not because it is dirty."

The court said neighbouring Southport also fell below EC standards. Yesterday's ruling carries no financial penalty but the UK has been ordered to pay costs. There are actions pending against all EC member states except Denmark for failure to meet the standards.

The 1975 EC bathing waters directive requires countries to bring water up to specified

standards within 10 years. The court rejected the UK's argument that the timetable should apply from the date when a stretch of coastline was designated a place "where people bathe in large numbers", not from the date of the directive. The UK, which originally designated only 27 beaches, now has 457 on the list. Blackpool was added in 1987.

The UK government dismissed the ruling as largely "technical". Mr Tim Yeo, environment minister, said: "The Commission has accepted we are doing everything possible to bring these bathing waters up to standard as soon as practicable". The industry is spending some £20m to ensure that "virtually all" waters will meet the directive by 1995, he said.

UK government figures show recent investment has brought "79 per cent of [UK bathing] waters within compliance in 1992 compared with 56 per cent in 1987". This still makes the

UK the second dirtiest country in the EC league table, ahead of only Germany which has 76 per cent compliance. All other countries report over 90 per cent compliance.

North West Water, the water and sewerage company which supplies Blackpool, said "planning wrangles" had delayed modernisation. "Everybody wants the beaches cleaned up but not everybody wants treatment works on the doorstep," it said.

At present, sewage from the 250,000 residents in Blackpool and nearby Fleetwood is filtered to extract only the bulkiest waste, before being discharged into the sea through pipes between a quarter and a half mile long.

The investment will put in 12 miles of tunnels to bring sewage to new bacteriological treatment plants which will break down the waste, before piping it out through new three-mile long outfalls.

UK faces obstacles to competition

By Tony Jackson

A LACK of human resources and training are the chief obstacles to UK industrial competitiveness, a government study has found.

Government officials told MPs yesterday that the main difference between the UK and its overseas competitors lies at the craft and technician level, while management quality is also variable.

The report says that productivity in manufacturing still lags behind Japan, France and Germany by 25 per cent. But the gap has closed from between 40 per cent and 45 per cent at the end of the 1970s.

Mr Robert Dobbie, head of the newly formed competitiveness division at the Department of Trade and Industry, told a House of Commons select committee that the gap was largely due to the use of human resources rather than lack of investment. "In the past 10 years, investment as a proportion of value added has been considerably higher in the UK than in the US", he said.

The UK's lower spending on research and development was a source of concern, he said. Innovation depended not only on R&D, but on the successful exploitation of new ideas.

The report, submitted by the DTI as evidence to the Commons Trade and Industry committee on UK manufacturing competitiveness, relates to a study submitted to ministers earlier this year.

Press reports at the time alleged it had been suppressed as too damning about UK industry. This was yesterday denied by officials, who said the new version contained the same data and omitted only confidential advice to ministers.

Mr Tim Sainsbury, industry minister, said the report showed that while by British industry had caught up significantly in the past 15 years, there were still gaps. "In the training of technicians and

craftsmen, the results are perhaps worse than we expected", he said.

Mr Dobbie told MPs British management was also variable in quality. The best were of world class, but there were many poorer performers.

He denied MPs' suggestions that UK manufacturers were at a disadvantage on fiscal grounds. "The fiscal regime in the UK is relatively favourable towards industry", he said.

He also denied that UK companies were handicapped by shareholder pressure for large dividend payments. "The evidence is that in general, UK companies do not get into difficulties by paying too large dividends", he said.

هذه امثلة لأصول

Michael Cassell follows J&B's market manager from the Scottish highlands to the nightclubs of Spain

Diary of a whisky salesman

The Brodie of Brodie, 25th laird and master of Castle Brodie, a romantic monument to Scottish highlands history, wears the same weary expression as his Labrador dog.

His library is crammed with chattering Spaniards; there are some outside the window suspended under a hot air balloon and others lining up to be measured for a kilt. Tomorrow, they might throw a bag.

The Brodie of Brodie, turned 80, has seen it all before. So has Jonathan Sturdy, the adrenalin-fueled market manager for J&B whisky who is 50 years his junior.

Sturdy's business is at stake for Sturdy, who has to ensure the Scottish evening is a hit with his 50 important guests. Back in Spain, after all, they are at the sharp end of an increasingly cut-throat market by J&B's owner, the Grand Metropolitan subsidiary International Distillers and Vintners.

IDV is number one in what is its biggest market, each year selling at a premium price, 2.2m cases of "smooth, soft aspirational" J&B Rare, along with much smaller quantities of the deluxe labels J&B Reserve, a blend at least 15 years old, and Knockando, a Speyside single malt. Sturdy and his colleagues have to fight local whisky producers and rival international brands such as Ballantines and Johnnie Walker Red Label to sell every bottle.

Mixing it in the marketplace gives the biggest buzz to a man who once dreamed of becoming a professional golfer and who joined IDV two years ago after a spell as a Unilever brand manager, promoting shampoo in Ecuador and washing powder in Egypt. But the ceiling at

Brodie Castle is still a very important part of his present job.

The morning after the night before Spanish VIPs go to the Knockando distillery for lectures on whisky-distilling and blending. Sturdy, in impeccable Spanish, shows videos which mix action-packed images of youthful, sporting prowess with the J&B brand.

He is careful to stress the concept of responsible alcohol consumption. In Spain - where there are 13 measures to the bottle against 36 in the UK - J&B customers are told: "To know how to drink is to know when to stop." Half of them already take it with Coca Cola or water and ice.

The Spanish visitors are impressed by the riverside distillery, a little alarmed to hear that the equivalent of three and a half bottles of Scotch "the angel's share" - evaporate each minute from the large, bonneted casks.

Within days of the Scottish visit, Sturdy is in Spain to do what he loves best.

He regards himself, primarily, as "a champion of J&B's long-term strategy, closest to the market place", acting as a bridge between

J&B in Britain and its Spanish consumers but working closely with Anglo Espanola de Distribucion (AED), the Madrid-based national marketing company which IDV acquired in 1990.

Apart from policing the quality of local marketing operations, Sturdy's objectives include tailoring J&B's global strategy on issues such as premium pricing, presentation and image to match local conditions. He tries to help Scotland deliver improvements in customer service, speaks regularly to the 40-strong network of Spanish distributors and keeps close tabs on the competition. It is all, he says, about adding value.

Sturdy will not criticise the team in Scotland but is clearly frustrated at times by their reluctance to accept what they are told by people on the ground. Knockando, he says, is being outmarketed in the quality gift market by brands such as Chivas Regal and Cardhu. He is pushing his UK colleagues to retaliate with better packaging. Images of the Scottish highlands are not good enough.

His overriding mission is to keep

J&B in pole position in Spain, which means a very traditional drink bearing the royal warrant of no fewer than six British kings and two queens "must stay exciting to the young". "We must be number one in the night," he insists, as he begins a marathon "on-trade" tour to bars, nightclubs and discos.

At the Honky Tonk bar Sturdy chats with Jose Luis Salto, the "nightman of Madrid", who works across the city until dawn ensuring J&B is on show and in demand. On to a J&B open-air party at the Boulevard bar where clumsy clowns push the product. J&B supports 4,500 such parties every year at some of Spain's 300,000 bars, each event graded into A, B and C events, depending on how many cases each outlet normally sells.

Next stop for Sturdy and Javier Barrutabena, AED's sales director, is Joy Aslava, the top night spot where hundreds dance to music which thumps the chest while drinking Scotch at 58 a slug. Sturdy is "pacing" the night, handing out luminous, bottle-shaped ispel badges which create instant interest. There are, however, too many bottles of



Whisky galore: Jonathan Sturdy hopes to win over the Spanish palate

Ballantines around for his liking.

Next day, to the airport, where J&B has its revenge. After 15 meetings, Barrutabena has finally persuaded the airport bar concessionaire to replace Ballantines with J&B. Sturdy is impressed.

On to Barcelona - which consumes 10 times more bottles of J&B than the entire UK - for an important meeting with Caprabo, a supermarket and hypermarket operator ordering 10,000 cases of J&B a year. The government welcomes hypermarkets because price-cutting helps curb inflation. Suppliers such as J&B are more cautious, required to remain competitive but determined

not to degrade the quality image. Off-trade sales are increasingly vital but J&B must keep within the clearly defined price bands which define its market.

There is a late-night dinner with Vicente Estruga, a large, genial man who runs local distributor Dicom. More club visits follow and, in one, a reveller sings the praises of J&B over the bar. He wins a luminous badge. The night ends early at 3am, with an earnest, pavement conversation about promotional packs and point of sale material. Sturdy is still firing on all cylinders but finally concedes: "It's not a party. It's a bullfight."

Hemmering beers under licence.

But the joint venture company, with Ian Meakins, a former member of IDV's European marketing team as managing director, concentrates on the marketing and sales of UD's spirits and Bontari's wines. Profits go to the brand owners and costs are shared on a formula based on volume sales. It employs 80 salesmen in the clubs and bars, and supports its advertising with a stream of promotions. The two joint ventures have rapidly built UD's strength in the market. Its brands have grown faster than those of its rivals. In five years, UD Bontari has tripled sales of Johnnie Walker Red and made it market leader. UD Kanellakis has increased Dewar's sales tenfold. In the process, UD has more than doubled the trading profits of its operations in Greece.

Philip Rawstone

Grocers' guide to the east

Material deprivation played its part in the collapse of communist rule in east and central Europe. So it is not surprising that knowledge of marketing conditions in these countries is still pretty basic.

But the gap is being plugged by market research. Mintel has published a report* produced by K&E Development, a specialist in business development in east Europe, examining various aspects of grocery marketing in the Czech and Slovak republics, Hungary and Poland, which together form a market of some 65m consumers.

There are some striking east-west differences. While household spending on food, drink and tobacco is on average 19 per cent of total income across EC member countries, it is 70 per cent in Poland and 50 per cent in Hungary.

The study also suggests that as much as 26 per cent of spending on groceries still goes on black-market products.

Other findings useful for western businesses moving into the region include:

- high brand awareness of west European goods, but fickle brand loyalty. "There is no longer such a strong belief that products from western Europe are superior, in fact there is a local patriotism which western European companies ignore at their peril."
- The countries concerned have no shortages of consumer goods and "most grocery sectors are well covered".
- Promotions, competitions and similar marketing devices are very popular; a west European coffee company ran a promotion in the Czech republic offering consumers the chance to win a new car and attracted entries from almost one-third of the population.

*Grocery Marketing in Practice 1993: prices £3,300, or by individual country at £2,500 each. From Mintel, 18-19 Long Lane, London EC1A 3HE.

Gary Mead

Ouzo moves to the back shelf

Scotch has become the national drink of Greece, outselling the native ouzo by 40 per cent. A country of only 6m households and with a struggling economy, it imports 2.4m cases of mainly bottled-in-Scotland brands, worth £78m, last year.

Since 1988, Greece has increased import volumes by 65 per cent and climbed from 10th to fourth place in the list of the industry's overseas markets.

Growth was stimulated by reductions in the tax on imported spirits in 1987. After further cuts last year, Greece now has one of the lowest spirit taxes in Europe - close to a fifth of the UK rate.

Lower prices and increased marketing encouraged a shift in consumer habits, particularly among young people who began to desert the tavernas for modern nightclubs and bars. In these clubs Scotch has become the favourite tipple, selling for up to £60 a bottle, mixed in tall glasses with ice and

water or ice and cola. The opportunity has been seized and exploited most successfully by United Distillers (UD), the Guinness spirits division.

The old Distillers Company (DC), taken over by Guinness in 1986, was weakly placed in the Greek market.

Andrew Morgan, UD's regional director for southern Europe, recalls: "DC had 13 brands of Scotch on the market, handled by seven different distributors. The brands competed against each other as well as against those of our rivals."

Cutty Sark, owned by Berry Bros and Rudd, and Ballantine's from Allied-Lyons were the market leaders. UD's Johnnie Walker Red Label was a poor third; Dewar's trailed further behind.

Morgan was sent to Greece to sort out the situation. "The plan was to exert more control by segmenting the portfolio and repositioning the brands, to develop our own local resources and recover profit margins," he says.

The portfolio was split into complementary halves: one focused on Dewar's, Bell's and Dimple; the other on Johnnie Walker Red Label and Black Label.

It was decided to position Dewar's as the stylish drink for young people frequenting bouzouki clubs and bars. Volume sales were small, but the brand appealed to the young because of its market leadership in the US and because it was not associated with older drinkers in Greece. A joint venture, UD Kanellakis,

was formed with the Greek distributor, Nektar, to handle the brand, and a portfolio which also included Bell's and Dimple, number two to Seagram's Chivas Regal in the deluxe sector, Rebel Yell bourbon and Tanqueray gin. UD retained strategic marketing control but used the Nektar sales force.

The Johnnie Walker brands were targeted on the take-home trade and modern night clubs; given a slightly older, less brah, advertising image than Dewar's, designed to appeal to the Greek fondness for a chat with friends over a drink.

The take-home trade, with premium Scotch such as Red Label priced at about £7 and deluxe Black Label at twice that price, is growing fast. Last year it

accounted for 55 per cent of total whisky sales compared with 30 per cent in 1988. To handle these brands - together with Gordon's, UD's best-selling gin - a joint venture was formed with Bontari, the country's leading wine producer and distributor.

Constantine Bontari has transformed the country's wine industry, improving quality and developing new brands. As growth slowed, however, the group had been seeking opportunities to enter other drinks sectors. The partnership - recently formalised in the creation of UD Bontari and renewed for 20 years - provided the strategic opening it needed.

Bontari now also imports and distributes Guinness stout and Carlsberg lager, as well as producing Kronenbourg and

DOING BUSINESS IN RUSSIA?

Save time, effort and money at the start. All foreign companies wishing to conduct business in Russia need to register there. In Moscow, registration is handled by the Moscow Registration Chamber. Fortunately, this process can be relatively quick and easy, thanks to Financial Izvestia which is now offering the Moscow Registration Chamber's own Guide to Registering Companies in Moscow. Written in English and in collaboration with the international law firm, Salans Hertzfeld & Heilbronn, this invaluable Guide

- Enables you to select the most suitable legal structure for an enterprise
- Supplies checklists so you avoid common mistakes when registering
- Provides sample registration forms and letters to obtain the relevant authorisations
- Lists addresses and contact details of key agencies in Moscow

Much of this information is simply unavailable elsewhere and will be of real practical everyday use to anyone intending to do business in Russia, as well as legal, financial, accounting and other advisors.

The Guide to Registering Companies in Moscow is available exclusively from Financial Izvestia - to order your copy, see below.

FINANCIAL IZVESTIA

Financial Izvestia is a weekly business newspaper, produced by the Financial Times in partnership with Izvestia, Russia's leading quality daily. Published for Financial Times by FT Business Enterprises Ltd, Registered Office: 100, Old Broad Street, London EC2M 1JG. Registered in England No. 980896.

REGISTERING COMPANIES IN MOSCOW

Please return to (mail order only): Tel: +44 (0) 209 612493
FT Customer Services, PO Box 6,
Canberra, NSW 2614, UK
Sales enquiries +44 (0) 209 719228
Editorial and Marketing enquiries +44 (0) 71 799 2082

NAME	TITLE
COMPANY	ADDRESS

POSTCODE	COUNTRY
Office Use Only	Title
RCM89	Registering Companies in Moscow
	ISSN 1833-0693

PAYMENT Please note that payment must accompany order. Prices include p & p.

Please tick as required:

☐ I enclose my cheque to the value of £/US\$

☐ I enclose my cheque to the value of £/US\$ drawn on a UK bank and made payable to FT Business Information.

☐ Please debit my credit card ☐ ☐ ☐

Card Number

CARD EXPIRY DATE DATE

SIGNATURE

Companies in EC member states (excluding the UK) must supply VAT identifying number (TVA/ST/VA/MS/MW/ST/VA/PA).

Please allow 28 days for delivery. Returns are given on goods returned in reasonable condition and within 7 days of receipt. The information you provide will be held by us and may be used in long and short term of FT products and may be used by other selected quality companies for marketing purposes.

LEGAL NOTICES

Company No 02548941
Registered in England and Wales
ELESION COMMUNICATIONS LIMITED
Principal place of business: 113 New London Road, Chislehurst, Essex CM3 0LQ.

NOTICE IS HEREBY GIVEN, pursuant to Section 96 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at Court Quay, 9 Grosvenor Road, Reading, RG1 1LG on Monday 24 July 1993 at 11.00 am for the purpose of considering the proposed liquidation of the company pursuant to Section 99 of the Insolvency Act 1986.

(a) to have held before it a statement as to the affairs of the company;

(b) to consider one or more insolvency practitioners as liquidators or liquidators and;

(c) if thought fit, to establish a liquidation committee;

(d) and to pass any other resolution necessary.

A list of the names and addresses of the company's creditors may be inspected at the company's registered office at 113 New London Road, Reading, RG1 1LG on or after 23 July 1993.

At 9 Grosvenor Road, Reading, RG1 1LG on or after 23 July 1993. A form of proxy is enclosed. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned in the notice (including faxed copies) and accepted.

Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proxy has been lodged and submitted for voting purposes. While proxy may be lodged at any time before voting commences, creditors attending in person at the meeting are requested to send their proxy with their proxy.

Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.

DATED 9th July 1993.

BY ORDER OF THE BOARD

NOTES

1. Creditors are requested to supply details of their claims with their proxies in order to assist with the preparation of the proposed statement of affairs.

2. A proof of debt is a document setting out the amount of the creditor's claim and may (subject to Rule 4.70) be in any form.

IN THE MATTER OF LEADHALL AUTOLEASE LIMITED

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the creditors of the above-named company are requested to lodge their proofs of debt with the liquidator at 113 New London Road, Reading, RG1 1LG on or after 23 July 1993.

NOTICE IS ALSO HEREBY GIVEN that the creditors of the above-named company are requested to lodge their proofs of debt with the liquidator at 113 New London Road, Reading, RG1 1LG on or after 23 July 1993.

At 113 New London Road, Reading, RG1 1LG on or after 23 July 1993. A form of proxy is enclosed. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned in the notice (including faxed copies) and accepted.

Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proxy has been lodged and submitted for voting purposes. While proxy may be lodged at any time before voting commences, creditors attending in person at the meeting are requested to send their proxy with their proxy.

Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.

DATED 9th July 1993.

BY ORDER OF THE BOARD

NOTES

1. Creditors are requested to supply details of their claims with their proxies in order to assist with the preparation of the proposed statement of affairs.

2. A proof of debt is a document setting out the amount of the creditor's claim and may (subject to Rule 4.70) be in any form.

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

IN THE MATTER OF SERIP PLC

AND

IN THE MATTER OF THE COMPANIES ACT 1986

NOTICE IS HEREBY GIVEN that the creditors of the above-named company are requested to lodge their proofs of debt with the liquidator at 113 New London Road, Reading, RG1 1LG on or after 23 July 1993.

At 113 New London Road, Reading, RG1 1LG on or after 23 July 1993. A form of proxy is enclosed. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned in the notice (including faxed copies) and accepted.

Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proxy has been lodged and submitted for voting purposes. While proxy may be lodged at any time before voting commences, creditors attending in person at the meeting are requested to send their proxy with their proxy.

Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.

DATED 13th day of July 1993

By the Liquidator

Solicitors for the above-named company

BUSINESSES FOR SALE

Appear in the

Financial Times on

Tuesdays, Fridays and

Saturdays.

For further information

or to advertise in this

section please contact

Karl Loynton on

071 873 4780

or

Melanie Miles

071 873 3308

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

1 Gresham Street

London EC2V 7BU

Ref: 162

Solicitors for the above-named company

There is a limited amount of exhibition space available at the conference

FINANCIAL TIMES CONFERENCES

WORLD MOTOR CONFERENCE

Frankfurt, 8 & 9 September, 1993

Timed to coincide with the Frankfurt Motor Show, this biennial meeting will focus on the challenges and opportunities facing European, US and Japanese motor manufacturers and examine how the automotive industry is responding to the current economic climate.

Speakers include:

Mr Robert J Eaton
Chairman of the Board and
Chief Executive Officer
Chrysler Corporation

Professor Dr Ulrich Seiffert
Member of the Board of
Management
Volkswagen
Research and Development

Sir Trevor Chinn CVO
Chairman and Chief Executive
Lex Service Plc

Ing Giorgio Garuzzo
Chief Operating Officer
Fiat SpA

Mr Helmut Werner
Chairman
Mercedes-Benz AG

Mr Tadashi Shirai
President
Nissan Europe NV

Mr Georges Bouverot
Senior Vice President
Human Resources
Renault SA

Mr Timothy D Leuliette
President and CEO
ITT Automotive Inc

WORLD MOTOR CONFERENCE

- ☐ Please send me conference details
- ☐ Please send me details about exhibiting at the conference



FINANCIAL TIMES
CONFERENCES

Financial Times Conference Organisation
102-108 Clerkenwell Road, London EC1M 5SA
Tel: 071-614 9770. Tlx: 27347 FTCONF G.
Fax: 071-673 3975/3969

Name Mr/Ms/Ms/Other

Position

Company/Organisation

Address

City

Post Code

Tel

Tlx

Fax

Type of Business

HA

TECHNOLOGY

Just the ticket for Spielberg

The thunder of dinosaur feet in Jurassic Park is likely only to be beaten this weekend by the thunder of movie-goers' feet as they stampede to cinemas to see Steven Spielberg's latest blockbuster movie, which is previewed in the UK this evening.

Those who prefer to turn their backs on this somewhat prehistoric method of getting a seat can use technology to ensure a place at the front of the queue. MGM Cinemas is using a fully automatic ticket booking service for customers in 34 cinemas in the London and Brighton area, including the Trocadero in London's cinema land in the west end. A telephone call will enable customers with credit cards to book a seat at their first choice cinema or at a nearby venue if that is not available.

And, assures Keith Pullinger, assistant to the general manager at MGM, there will be enough lines to ensure that every caller gets through. "I defy anyone to get their phones answered as quickly as we can."

The numbers to be called will be advertised in the local press - each of the 34 cinemas has been allocated a different number. Callers hear a recorded announcement asking questions about the film, day and time. By pressing the number indicated after the time or film the preference is registered. The most popular film is always listed first, says Pullinger. "Seventy-five per cent of bookings now are for Jurassic Park."

Once the details, including the credit card number, are determined, the main computer, which is operated by Computicket, sends them to the cinema requested using the Paknet radio data network. Confirmation is then sent back to the computer centre and the tickets printed out in the cinema for collection. If the caller does not have a modern tone telephone, the system will switch the caller to a human operator.

According to Pullinger the Computicket service is unique in offering both a manual and automatic booking service.

Della Bradshaw

Andrew Baxter on a breakthrough in rapid prototyping

Making it quickly in metal

On the table in front of Richard Fedchenko is a small propeller blade made of cured polymer. It is a typical product of rapid prototyping - the process that manufacturers have been using for the past five years to help speed up their product development.

Next to it is the same blade cast in metal. It might normally have taken months to produce, but is also a product of rapid prototyping.

Fedchenko is a senior executive at 3D Systems, the California-based company which dominates the rapid prototyping industry. Last month, 3D launched QuickCast, a new rapid prototyping and tooling technology that claims to reduce the lead time on metal castings by 80 per cent.

The launch is a big event for 3D and a "quantum leap" for rapid prototyping, says Fedchenko. As such, it could have important business implications for rapid prototyping as a contributor to concurrent engineering, the umbrella term for using teamwork and technology to get products onto the market

quicker and to increase competitiveness.

Rapid prototyping is already being used by hundreds of companies worldwide, including British Aerospace and Mercedes-Benz. It takes any three-dimensional computer-aided design (Cad) file of a part, converts it into hundreds of layers and builds the prototype from that.

3D uses a system that traces each layer by directing a laser-generated ultraviolet light on to the surface of a vat of liquid polymer resin.

Rival companies have different solutions such as "instant slice curing" from the Israeli-US supplier Cubital, and laminated object manufacturing from Helisys in California. Several other companies, mainly US, are working on their own approaches.

The process has already proved its worth, says Fedchenko. Weeks have been saved producing prototypes that can be discussed, looked at and handled by the product development team. The prototype can also be used as a strategic marketing tool. Logitech, the computer

mouse producer, used rapid prototyping to produce a mouse in 10 days for a meeting with IBM, he says.

But, while manufacturing industry has shown a lot of interest in rapid prototyping, some potential users have been waiting until it is possible to produce a metal part by rapid prototyping. Once a cast metal part is produced, it can be subjected to stress analysis, wind tunnel testing and other tests necessary before production - none of which can be carried out on a polymer prototype.

This has become something of a holy grail for the rapid prototyping industry, because the current method of casting a metal prototype can take several months. It involves machining hard tooling from metal to produce wax patterns, which can then be cast using the traditional "lost wax" process.

Unfortunately this investment casting process - "investing" the pattern in a slurry, heating to produce a ceramic mould and burn off the wax, then pouring molten metal into the mould - does not work



Breaking the mould: metal prototypes can now be produced in a fraction of the time

with 3D's normal polymer prototypes. They expand with the heat, cracking the mould.

Fedchenko says 3D has now solved the problem. Its QuickCast process produces a part with a complex internal triangular gridwork, which allows the part to collapse into itself during heating, leaving the mould undamaged.

The gridwork reduces the weight of the prototype by two-thirds, leaving a much smaller residue of ash which can be sucked out of the mould with compressed air. A new type of epoxy resin, developed by 3D and Ciba-Geigy, has replaced the acrylic resin used previously. This has increased accuracy by 100 per cent, says Fedchenko, and produced a much smoother finish that does not need to be sanded and polished.

The result is a very accurate metal prototype which can be produced some three to four weeks

after a Cad design is completed, compared with an average of 18-20 weeks using wax patterns.

On more complicated parts, significant sums of money can be saved as well as time.

At last month's World Conference on Investment Casting in London, 3D was exhibiting an aero-engine front frame prototype made by a division of Allied-Signal, which saved \$100,000 (\$87,000) and 44 weeks using QuickCast. Other rapid prototyping companies are working on producing metal parts, but 3D's advantage is its installed base of some 350 prototyping machines worldwide. The fastest 3D machines with the biggest vats could cost as much as \$400,000 in the UK, and 3D is offering QuickCast as an \$8,000 software add-on, excluding the cost of the new resin.

But, says Fedchenko, rapid prototyping is not in itself a sufficient justification for investing in rapid prototyping. "You have to have a compelling need. The message is: does it give you a competitive advantage by getting you to market quicker?"

Fedchenko believes the world rapid prototyping market could double over the next two years from \$45m-\$50m because of QuickCast. 3D is targeting foundries, traditional tool and die shops and rapid prototyping service bureaux and manufacturing industry from aerospace to medical implant producers.

And the next stage? 3D is working on adapting its technology to produce the dies used in injection moulding machines. Further development is required, says Fedchenko, but "rapid manufacturing" is on the horizon.

Britain's rural areas increased their high-technology employment during the 1980s at the expense of urban centres, according to a study which pours cold water on notions that high-tech industries in the UK have the potential to become big employers.

The report by Bernard Fingleton of the Department of Land Economy at Cambridge University underlines how cities often provide an unsuitable environment for modern manufacturing. This is partly on the basis that many companies in this activity employ large numbers of highly paid workers in scientific disciplines who prefer living in the countryside.

Another factor is that high-tech companies - in sectors including pharmaceuticals, aerospace, electronics, optical technology and high-value plastics - often require specialised, low-cost manufacturing and research buildings which may be hard to find in urban areas.

High-tech as a country pursuit

The report says that only three, predominantly rural, UK regions increased job numbers in high-tech fields in the 1984-89 period. The areas are Wales, Yorkshire and Humberside and south-west England.

Other regions, including the conurbations of Greater London and West Midlands, saw large falls in employment in technology-based industries.

Between 1984 and 1989, numbers employed in this field fell by a greater amount than in manufacturing as a whole, while total employment, including services, rose due to the general economic expansion of that period.

High-tech industries in the UK excluding Northern Ireland employed 782,000 people in 1989, 5.3 per cent down on the 826,000 five years earlier. Over the same period, the numbers in all types

of manufacturing fell by 3.9 per cent, to 5.2m from 5.4m. During the five years, UK employment, generally, rose by 6.9 per cent.

Behind the fall in high-tech employment is thought to be the large increases in productivity in these industries during the 1980s. Other factors were severe international competition and poor innovation in Britain. These aspects may limit the degree to which high-tech industry can expand in the UK in the 1990s.

Specific factors pushing down high-tech employment in London and the south-east may have included the economic overheating of the late 1980s. This increased labour costs and rents at a particularly high rate in southern England, forcing expanding companies to move to other parts of Britain.

Wales was a beneficiary of this

process, the study says. Efforts, especially by the Welsh Development Agency, to attract high-tech companies helped to increase employment in this field nearly 50 per cent over the period, to just over 42,000 people.

During the 1980s, other mainly rural parts of Britain increased high-tech employment, partly because of the attractions to many small companies of working in the countryside.

Yorkshire and Humberside increased high-tech employment 24 per cent while the comparable figure for the south-west was 4 per cent.

Greater London and West Midlands suffered a fall in the number of high-tech jobs of 31.1 per cent and 15.7 per cent respectively.

In spite of a 6.3 per cent fall in employment in high-tech during

the period in south-east England (not including Greater London) this region by the end of the 1980s continued to account for easily the greatest proportion of workers in this field.

High-tech employees in the south-east compared with the overall technology workforce stayed constant at about 28 per cent during the period.

The south-east has for many years had a high proportion of high-tech employees in its total workforce, partly because of the presence of big research centres in areas such as drugs, aerospace and electronics.

Ominously, the study says it is difficult to envisage employment in high-tech industries expanding much in the 1990s. In 1989, this accounted for only 3.5 per cent of all UK employees and 15 per cent of manufacturing jobs.

UK high-technology employment

Region	1984	1989	% change
South East (excl. G. London)	236,583	221,850	-6.3
Greater London	95,889	66,130	-31.1
E. Anglia	21,338	19,787	-7.3
South West	79,058	82,480	4.3
W. Midlands	71,256	60,089	-15.7
E. Midlands	59,018	57,543	-2.5
Yorkshire & Humberside	29,356	36,404	+24.0
North West	101,168	88,721	-12.3
North	49,919	37,711	-24.5
Wales	27,974	41,277	+47.6
Scotland	63,489	60,317	-5.0
Total	826,000	782,000	-5.3

Source: Department of Land Economy, Cambridge

'The location of high-technology manufacturing in Great Britain: Changes in the late 1980s', Bernard Fingleton, Department of Land Economy, Cambridge University, 19 Silver Street, Cambridge CB3 9EP.

Peter Marsh

ORCHESTRATING THE FINEST PERFORMANCE.



The conductor's job is one of balance and control, giving cues to start and stop players, calling instruments forward or holding them back.

Systems integration is like that. Many different partners, products and services have to be co-ordinated to help your technology (and, therefore, your business) achieve its greatest potential.

At Bull, you'll find us responsive. We take the time to understand your business requirements.

You'll find us professional. We have the skills and technology to deliver the appropriate solution.

And you'll find us responsible. We don't walk away from difficult problems.

As Europe's fourth largest* systems integrator, we have a proven track record of quality and innovation.

We'll get the best out of your technology. Which means that you'll get the best out of your business.

For more information, call us on 0800 515403.

* Source: Computer Group

Worldwide
Information
Systems

Bull Information Systems Limited, Computer House, Great West Road, Brentford, Middlesex TW8 9SH.

INVEST IN YOUR ENTERPRISE. Bull

PEOPLE

Davies takes on another chair

Michael Davies, deputy chairman of TI and a director of British Airways, is taking over as non-executive chairman of Simon Engineering, Sir Philip Foreman, who has turned 70, had been serving as interim chairman for the past three months following the sudden death of the previous chairman Roy Roberts. He stays on as deputy chairman.

Simon has been hard hit by the recession. At the annual meeting in May, Sir Philip forecast a loss for the first half of this year and revealed the company would then be in breach of one of its banking covenants, which knocked 25 per cent off the value of the shares in a day.

Davies, who would not be



executive Brian Kemp, who joined in 1988.

Davies, 59, admits he has recently been spending a good deal of his time at BA, where all the non-executive directors have been drawn in to the wranglings over the Virgin "dirty tricks" affair. But he is adamant that he has time for another post in addition to the four other chairmanships, including that of Calor, which he maintains on top of the BA and TI commitments. "I enjoy business," he says, adding only that "over time I do change my portfolio". Those changes are, however, not likely to include BA in the near future, as this week he was re-elected to the board, on which he has sat since 1983.

Departures

■ Sir Richard Trant has retired from the board of HUNTING but remains chairman of the defence division.

■ John Parsons, chief

executive of Darchem, has left the company following the disposal of its UK contracting division by WILLIAM BAIRD.

■ Peter Wright has resigned from SERIF.

■ Michael Fort, formerly md of Pronuptia Youngs, has

resigned from CUPID.

■ Adrian Gregory, deputy chairman, has retired from WILLIS CORROON GROUP.

■ David Gore has resigned from TRITON EUROPE.

■ Allan Robertson is retiring from NCR.

Robin Leigh-Pemberton, who stepped down as governor of the Bank of England at the end of last month, has picked up his first outside directorship and a new title.

The former governor, who was given a life peerage in the Queen's birthday honours list, took the title Lord Kingsdown yesterday and was also appointed a director of the Basle-based Bank for International Settlements, the central bankers' bank.

The appointment was less surprising than the title. The governor of the Bank of England always sits on the BIS board and the tradition is that the ex-governor is the second British director. Until yesterday Lord Richardson of Dunblane, head of the Bank of England between 1973 and 1983, had been the second British director on the BIS board. The choice of title was less straightforward. The ex-governor has strong ties with Kent. He has been Lord Lieutenant since 1982. However, although his home is in Kent (right), he does not live in either of the county's two Kingsdowns. Instead he has taken the title of a great, great grandfather, Thomas Pemberton, a successful lawyer who was made a peer by Queen Victoria, but died childless.



■ Andrew Mitchell, company secretary of Stakis, has been appointed company secretary of SCOTTISHPOWER following the early retirement of Graham Watt.

■ Jeremy Poole has been appointed the first director of AAH PHARMACEUTICALS Hospital Service; he moves from Fisons pharmaceutical division.

■ Peter Robson, md of Bonar Cooke Cartons, has been appointed md of LOW & BONAR's enlarged carton division following the acquisition of CMB Cartons.

■ John Anderson, formerly senior vice president of Life Sciences Inc, has been appointed president and md of COSTAIN Life Sciences.

■ Michael Lee, chief executive of Airtrons International, is appointed to the main AIRTOURS board.



■ Alan Palmer (above left), marketing director of Trebor Bassett, has been appointed marketing director of CADBURY. He succeeds John Taylor who is appointed md of Trebor Bassett and is succeeded by Bruce Burnett, who is promoted from general market manager.

■ Colin Ingram (above right), formerly chief engineer on the Renault/DAF vans project, has been appointed md of PERKINS Technology; he began his career as a graduate trainee with Perkins.

■ John Ackroyd has been appointed md of SUTER equipment.

■ Simon Gifford, group investments director, has been appointed company secretary of TATE & LYLE in succession to Nicholas Nightingale.

■ Bob Armstrong, personnel director for NORTH WEST WATER, has been appointed to the new position of customer services director.

■ Rainer Hemmann, md of KWO Kabel in Berlin, has been appointed to the board of BECC CABLES.

■ Tony Carey, chief executive of St George, has been appointed to the parent board of the BERKELEY GROUP.

■ Brian Jolly, md of Capital & Counties, has been appointed to the parent board of TRANSATLANTIC HOLDINGS.

Opera/Max Loppert

Onegin proves a musical masterpiece

The Royal Opera's new Tchaikovsky production affords, in purely musical terms, one of the most distinguished performances to be mounted in the house in many a season. When given by ragbag assortments of singers from here, there and everywhere, parrotting the so-called original language while subtitles flash away above their heads, International Opera can be a dismal, unworthy business. When given as here - by a carefully chosen cast of principals uttering a language either native to them or communicatively "lived", and a conductor intuitively alert to every strand of musical drama - it can seem the noblest of artistic pursuits, worth battling for even in the hardest of hard times.

This is an *Onegin* musically structured to make fully weighted sense of the work in a theatre that is, strictly speaking, several sizes too large. (Tchaikovsky had the Moscow Conservatory.) The bigger the house, the greater the danger of coarsening and blunting the delicate detail of this most intimately affecting of operatic tragedies.

(Tchaikovsky purposely underlined its divergences from the forms and manners of Grand Opera by substituting the work "Lyric Scenes".)

The conductor of the new production is Valery Gergiev, fiery young chief of the Kirov Opera. He is making his Covent Garden debut, and perhaps has still to find his ease there: on Tuesday the early scenes betrayed passing imbalances in the choral ensemble. In essence, however, Gergiev's *Onegin* is already one of the most impassioned, vivid and spontaneously emotional we have heard: it is properly scaled for Covent Garden yet not overbearing, grand with no loss of orchestral and vocal immediacy. The sound is always beautiful, animated (as it were) from within, shaped along the dramatic lines

with a keenness of perception that marries instinct and iron command.

Gergiev takes chances. The domestic, countryfied atmosphere of the opening scene, with daughters duetting in the distance and mistress and maid reminiscing in the foreground, is risked by the slow tempo; likewise M. Triquet's birthday song, and the moment of relief it provides amid the gathering tensions of the Latin ball. Accentuation of dance-rhythms is not at all metrically mechanical; indeed, the conductor's rubato elasticities may surprise the unwary. But even while I wondered at or where I questioned the interpretative ideas, I felt the opera's dramatic vitality surging into the theatre. This is opera-conducting of rare quality.

Sergey Leiferkus (Onegin), Galina Gor-

chakova (Tatyana) and the Armenian Gagan Grigorian (Lansky) are members or associates of Gergiev's Kirov ensemble. The sense of singers supported from the pit, not merely accompanied, is another of the performance's special virtues. The baritone, a house favourite, is at his peak of eloquent, fine-grained artistry. Every inflection tells. A non-Russian speaker gains the illusion of understanding every word as it leaves his lips. He never loses the air of breeding that is Onegin's distinguishing mark; even in disintegration he avoids melodramatic overstatement.

The soprano, who burst upon London audiences with tidal-wave force in *The Merry Widow*, at the Proms and at Covent Garden, is possibly the most opulent, lustroously full-toned Tatyana in living

memory: again, truly Covent Garden-sized without being oversized. She does not always shape the lines or make them perfectly smooth; though physically plausible, she is a sympathetic rather than an original, inventive actress. What she offers is a restrained, ravishing account of the role, and in context wonderfully appropriate.

Grigorian, a small, rotund Lensky with a vibrant, technically free tenor and a heart-breaking openness of emotional expression, is all feeling - the overabundance of happiness in the Act 1 aria, beautifully caught in the timbre and phrasing (and sustained in the conducting), sends out subtle, alarming warning signals. It is satisfying to see and hear Louise Winter (a delightfully spirited

Olga), Sarah Walker (Filipjevna) and Gillian Knight (Mma Larin) keeping pace with such idiomatic artistry; and as Gergiev it is peculiarly moving to see and hear again Nicolai Ghiaurov, no longer a basso cantante in full flood but a 63-year-old veteran wise, colourful and full of tender vocal touches.

A triumphant Royal Opera *Onegin* all round? No: the production - by John Cox in Timothy O'Brien's designs - is plain to the eye, cautiously tactful, blandly second-rate. No big mistakes are made (which, when one considers how easy it is to go wrong in this opera - cf. Howard Davies's recent, mistake-riddled *Onegin* staging for Welsh National - is a merciful relief). Nothing gets in the way of the music. For many ROH patrons this may be sufficient. But the replacement of the old Julia Trevelyan Oman sets and costumes seems unjustified.

Royal Opera House: in repertory until July 24; production sponsored by The Drogheda Circle.

London Theatre

Youth and reverence

Like babies to the font, the three severely disabled youths were carried reverentially to the front of the stage and laid on cushions. They were dressed in kimonos and greeted with oriental music. Their attendants waited Japanese fans over them; the youths stared wide eyed with joy. One screamed his pleasure. There was nothing patronising about the tableau: it was one of the most moving examples of reverence for life observed on a stage.

And this was no prefabricated platform in a community arts centre. This was the Oliver at the National Theatre in London. The participants came from the Harlow College Community Arts group, which involves more than 30 under-19-year-olds, ranging from the able bodied to the most afflicted. They were presenting *Tower of Dreams*, which through music, movement, and spectacle, makes the case for the disabled to be allowed on to the raft of life, represented as a fairground carousel.

It was part of the 1993 Lloyds Bank Theatre Challenge, the last such Challenge. After five years and £1.2m, this investment in youth theatre has

ended. However, the National is already planning another programme involving youth and is seeking a sponsor.

A great attraction of the Challenge is that the 10 groups which this year caught the judge's eye from over 250 entries get the chance to strut for an hour on the UK's most prestigious stage. The three-night festival lets an audience see not so much new acting talent as the issues that excite youth. Rather than take a received text, most of the contributions this year were devised within the companies.

It is an inspiring experience and one which dispels doubts about the importance of theatre in education. Of course there is an abundance of youthful workaholic and idealism on display, but also a great deal of fun. The level of acting assurance is amazing, almost frighteningly so. At the opening night on Tuesday the Harlow College Performance Art Group and Burnley Youth Theatre which were both built around issues. There is something galvanising about plays involving teenagers which are devised and performed by teenagers: the language is so much

more credible than the second-hand observations of older "realist" playwrights.

Both works were loosely structured, with ideas running way beyond anything so obvious as a plot, and they were inevitably a bit didactic. But from Burnley, along with frighteningly confident performances, there was wit and good nature and the ability to take a serious issue, contraception, light heartedly. There was even room for romance, even if it led to divorce.

Redbridge was an ensemble work, using name and music to put over the dispiriting message that men are bastards. Perhaps the girls do not really believe it; perhaps they have been watching too much television. But it was enthusiastically performed and had the saddest of endings. Sandy Tokaris, the evening's presenter, announced that this would be Redbridge's last performance. It was the victim of local authority spending cuts, an unwelcome reminder of cruel and blinkered reality on an uplifting evening.

There are three more plays tonight. Try and get a scarce ticket.

Antony Thornecroft

Angst in America

At first sight, *Marvin's Room* offers little to laugh at. It is a drama about leukemia written by Scott McPherson, who died of AIDS at 33 last year. But this fine American play, now at the Hampstead Theatre, can be, extremely funny. It also enhances the Theatre's growing expertise in north American drama.

It tells the story of Bessie, a middle-aged Floridian pushed to the side of her own life by her father's stroke and her aunt's general malaise. Then Bessie discovers she has leukemia; her estranged sister Lee is summoned from Ohio, with her sons Hank (an institutionalised psychotic) and Charlie (an intractable nerd), in hopes of a bone marrow transplant. At this point, the play is poised to become a 1990s chromosome comedy. But the play's outcome is dislocated and truncated, a botched autopsy. In the end, none of Bessie's family can donate bone marrow. Marvin, Bessie's father, continues to twitch in the room at the back of the

stage; and the greatest wisdom the play can offer, in its final lines, is "There's nothing to be afraid of."

The early Florida medical scenes are, however, a treat: "I am going to give you a local anaesthetic, and I am going to remove some bone marrow from your hip: ... There may be a crunching sound, but it sounds worse than it is, OK?" oozes Dr Wally.

Bessie has a seizure during the family trip to Disney World. She comes round in the Lost Children Hut on a "baby bear" bed, where she finds a moment of rare sororal intimacy, and also connects with Hank for the first time.

David Petrarca's direction, wonderfully punctuated by Bob Milburn's pastiche musical arrangements (played by Cafe Noire), addresses the fact that McPherson's scenes never complete themselves. They border on the truth, never reaching it. Intimacies are shared through things, a soda, a photograph, or Lee offering to style her sister's wig.

se superbly as a model of misapplied devotion opposite the excellent Phyllis Logan as her hard-as-nails sister Lee. They have a fine, contrasting rapport, with Steadman slightly frumpy and Logan slightly tart but never resorting to stereotypes. Carmel McSharry as the eunt dosing up on multivitamins and daytime soaps manages to assemble a character out of the traits written for her. Ian Gelder as Dr Wally is developing his accomplished playing of Americans, and is a joy to watch.

The play has an unsettling effect, somewhere losing control of itself and heading into chaos. Its message is a muted version of the 1980s cliché that "You are where you are because you want to be there." As Bessie learns the hopelessness of her own illness, she backs into her father's room to die with him. Neither has much choice.

Hampstead Theatre, Swiss Cottage, NW3 (071 722 8301).

Andrew St George

Here it is and was it worth the wait? When you tell someone you have seen *Jurassic Park*, back files the mach-2 question: "What's it like?" This never means what it should mean - "What does it resemble?" - but "Is it good?" "Is it bad?" "Will it scare the screaming daylights out of us?"

Let us take the question at first value. *Jurassic Park* is like *Jaws* meets *Westworld*. (Steven Spielberg, its director, made the first and Michael Crichton, its writer, wrote and directed the second.) It is like a nightmare day out at the Natural History Museum. And it is like a Hollywood story conference where savage, primeval pitches rend the air.

"Let's have the paleontologist hero and the two kids climb the electrified fence!" "Let's have the heroine feel a comforting arm on her shoulder and then discover it's only an arm!" "Let's have the velociraptors run amok in the Vis-

JURASSIC PARK (PG)
Steven Spielberg

BARAKA (PG)
Ron Fricke

CHILDREN OF NATURE
Fridrik Thor Fridriksson

tors Centre kitchen!" "Let's have Sir Richard Attenborough play the park's founder with a limp, a Scottish accent and a cherubic smile." (Result: Sir Richard resembles Ronnie Corbett gone AWOL in an H.G. Wells novel).

Yes, but you still want to know: "What is it like?" Well, it is good. It is bad, and occasionally it scares the daylights out of us. What is good is the hi-tech presumption of the film. Crichton's novel was a spine-chiller satire about an ultimate act of hubris. A theme park packed with prehistoric fauna, recreated through a far-fetched (but not that far-fetched) union of DIY and DNA, mutinies against its masters. Drawn to the theme of techno-impudence, Steven Spielberg makes a movie that is as techno-impudent as *Jurassic Park* spreads its banquet of gawgaws, gizmos and breakthrough graphics before us, condemning previous dinosaur films to cinematic prehistory.

Computer imaging and state-of-the-art modelwork ensure that when *Tyrannosaurus Rex* grows into frame to terrify Dr Sam Neill and the two children



Jaws, and more: the monsters in *Jurassic Park* are the real stars

he is escorting on an ill-fated preview tour of the park, the said T. Rex is a glistering, roaring, tail-thrashing mother of all monsters with no hint of stop-motion jerk.

In fact no signs anywhere of the old clockwork epilepsy we knew and half-loved in *Gorgo* and *Godzilla*. Not in the raptors and iguanadons; nor in the gentle triceratops tended by "paleo-botanist" Laura Dern; nor in the puff-necked "spitter" that disposes of the villainous Dennis (Wayne Knight), a park boffin who runs straight into death while smuggling stolen embryos to a waiting boat.

But if the monsters have evolved beyond stop-motion, the human characters are a different story. Stereotypes made to fit a game-plan, they stand about striking prescribed attitudes and between shots make small adjustments of gesture to present a fresh facet of the same cliché. The paleontologist must spout sandblown wisdom. The Chaos Theory scientist (Jeff Goldblum with Chaos Theory hair and scat speech patterns) must burble about things unravelling. And the lady botanist must rail against sexist notions of female weakness one moment, scream like Fay Wray the next.

In *Jaws* Spielberg painted an

entire, convincing New England community behind and around the foreground monster. And in *Close Encounters of the Third Kind* he gave a majestic madness to the hero's love affair with the cosmic impossible. But in *Jurassic Park* the characters are prisoners of a theme park just like the dinosaurs. Only their theme park is called Hollywood and their inventor/orchestrator is the box-office. Lowest-denominator thinking means that each character represents a big, bland constituency for audience identification, from the all-purpose egghead sceptic (Goldblum) to the all-purpose damsel in distress mildly fussed by feminism (Dern).

Only the actor saddled with the largest burden of clichés, Sir R. Attenborough, almost succeeds in throwing them off. Ever since he vanished behind a movie camera, fans of Sir Dicky the actor have been crying for him to come forth again. He is marvellous in *Jurassic Park*. Hammond, the park's founder, could have been a melodramatic cipher: a science-tampering scoundrel out of Fritz Lang by *Dr No*. But Attenborough gives him a foolish charm, a sing-song passion, even a wistful pain. (Listen to the pure emotion he finds in a

tinselly speech about his flea-circus past).

Elsewhere, the flimsiness of the people undoes even the ferocity of the beasts. And Spielberg - the Spielberg of *ET* rather than *Jaws* - is not above making the monsters cuddly when there is a pause in the ravening. For cuddification comes with the territory: all those covetable tie-in models, toys, games, T-shirts, gum-wrappers...

A Chaos Theory terror movie may be the promise, but in *Jurassic Park* cosiness is always just around the corner. As a lexicographer friend pointed out, what you really get when you extract DNA from dinosaurs is the word "souris". *Jurassic Park* is a mouse with pretensions. And such is the power of hype that no one will notice until - only \$100m to go - it has become the highest-earning film ever made.

Nigel Andrews

Baraka is a film based upon the problematical notion that cinematic silence equals importance. Subtitled "A World Beyond Words," Ron Fricke's film is a 80-minute non-verbal collage of imagery that attempts to show the intercon-

nectedness of life on the planet. Starting with a snow monkey dozing off in a hot spring, Fricke's film quickly goes cosmic, presenting the viewer with a dizzying array of visual takes of smoldering volcanoes, surging city crowds, traditional religious ceremonies and clouds pouring over Himalayan mountains.

Occasionally, this method provides a sense of awe and sequences, such as the montage comparing assembly line work throughout the world that ends with the truly unsettling sight of live chicks tumbling down a stainless steel shoot on the way to becoming inmates at the egg factory. And when Fricke's 70mm camera zooms in on small details - an Aboriginal man using a plastic comb to paint his face, for instance - he comes close to making his point. But the film eventually collapses under its own portentousness, particularly during a trip to Auschwitz. At times beautiful and arresting, *Baraka* is ultimately little more than a stylised exercise in global channel-hopping.

One of the few countries Fricke does not visit is Iceland. Given the starkly beautiful landscape of that country on view in *Children of Nature*, you cannot help but feel he has missed something. Fridrik Thor Fridriksson's heartfelt second film details the last days of an elderly widower (Gisli Halldorsson) who abandons his farm for Reykjavik, only to have his daughter pack him off to an old folk's home. There, he meets a childhood sweetheart (Sigridur Hagalin), a proud and beautiful septuagenarian who wants to visit her birthplace on the island's desolate eastern region before dying. Their romance rekindles and, equipped with a stolen jeep, they set off across Iceland, followed by the police.

Writer/director Fridriksson has fashioned a subtle, sometimes moving film about people who will not go gently into the Arctic night. Lovingly photographed and well acted, *Children of Nature* avoids casting the elderly as cutesy curmudgeons. However, Fridriksson fails to strike a consistent emotional tone, moving too abruptly from unrelieved gloom to fantastical whimsy. And the film's subtitles are replete with enough misspellings to keep the eye from fully enjoying those bleakly beautiful Icelandic vistas.

Stephen Amidon

INTERNATIONAL ARTS GUIDE

BATIGNANO

Adam Pollock's intimate, outdoor opera festival, *Musica Nel Chiostro*, opens on July 22 with the first of three performances of *La Degrazie d'Amore* by Antonio Cesti (1687), followed in early August by six performances of Bernstein's *Candide*. Ends Aug 15 (0564-380896)

BREGENZ

The opera festival on the Austrian corner of Lake Constance to solidify its connection with front-rank British producers. Jonathan Miller's new staging of *Fedora* opens this year's festival next Tues, with Mara Zampieri in the title role. David Routinely produces *Nabucco* on the floating stage. Ends Aug 22 (05574-4920 224)

DROTTNINGHOLM

Elisabeth Söderström, much-loved Swedish soprano, has taken over as artistic director of the world's most important 18th century theatre still in action. This year's operas

include *Una cosa rara* by Mozart's Spanish contemporary Vicente Martin Y Soler (conducted by Nicholas McGonagall) and Grieg's beautiful *Zemire et Azore* (staged by John Cox). Ends Sep 4 (08-660 8225)

EDINBURGH

This year's festival (Aug 15-Sep 4) includes performances of Janacek's first opera *Sarka* and three Verdi operas (*Oberto*, *I Due Foscari*, *Falstaff*), an exhaustive survey of the work of young Scottish composer James MacMillan, and several Schubert recitals. The drama programme includes Peter Stein's 1992 Salzburg Festival production of Shakespeare's *Julius Caesar*, a modern Aeschylus production by Peter Sellers, and the Bob Wilson/Gertrude Stein theatre piece *Dr Faustus Lights the Lights*. The dance programme is limited to Mark Morris' troupe and the Bill T. Jones troupe. Official Festival: telephone bookings 031-225 5758.

KUHMO

To this tiny Finnish town below the Arctic Circle and just west of the Russian border, distinguished and newly-acclaimed European and American ensembles and soloists come to provide up to five concerts daily, besides giving masterclasses. What makes the festival continually exciting is that so much of it consists of fine performers who have just had a few days to rehearse together. Chances are taken, spur-of-the-moment insights flashed. The atmosphere, amid all the lakes and pines, is blessedly

informal. This year (July 16-Aug 1) several leading British musicians figure, and there are song recitals, Japanese concerts, the Maly Ballet and some chamber opera (086-520836)

LUCERNE

This year's programme, opening on Aug 14, focuses on anniversary celebrations of Tchaikovsky and Rachmaninov, with Alfred Schnittke as the festival's first-ever composer in residence. Visitors from Russia include the Bolshoi Opera Orchestra and Chorus, the St Petersburg Capella Choir and Russian National Orchestra with Mikhail Pletnev. There will be a Rachmaninov piano marathon with Barry Douglas and others, the world premiere of a new work by Edison Denisov and a Schnittke ballet programme. Visiting orchestras include the Berlin, Vienna and Oslo Philharmonias, with artists ranging from Yuri Bashmet to Abadad, Barenboim, Järvi and Sawallisch. Ends Sep 8 (041-232572)

MACERATA

The festival opens tonight with *Rigoletto*, starring Renata Bruson. This year's other productions are a Josef Svoboda staging of Lucia di Lammermoor with Valeria Esposito, and *La nozze di Figaro* conducted by Gustav Kuhn. Ends Aug 11 (0733-230735)

OSLO

Norwegian violinist Arve Tellefsen, founder-director of the Oslo Chamber Music Festival (Aug 6-14),

has drawn together friends and colleagues for an attractive anniversary tribute to Grieg, his contemporaries and compatriots. Artists appearing at the festival include Swedish baritone Hakan Hagegard, Jan Garbarek Jazz Quartet, Nordic Youth Orchestra, Norwegian cellist Truls Mork and pianist Tord Jørgensen. Three festival concerts take place in Bergen, for which a special train has been chartered to take the audience through the scenery which was Grieg's inspiration (2255 2553)

PESARO

The Rossini opera festival opens on Aug 9 with the first of four performances of *Armida*, staged by Luca Ronconi and conducted by Daniele Gatti, with a cast led by Anna Caterina Antonacci, Ramon Vargas and Jeffrey Francie. This year's other production is a revival of the Pizzi staging of *Macbeth* starring Cecilia Gasdia. Raina Kabaivanska sings arias by Gluck, Rossini and Cherubini on Aug 18, and Maurizio Pollini gives a piano recital on Aug 21. Ends Aug 22 (0721-33184)

SALZBURG

Gerard Mortier's second festival, opening on July 23, will be less of an explosion than last year, but the programme is still bursting with good ideas. Deborah Warner stages Shakespeare's *Coriolanus* alongside a revival of Peter Stein's 1992 production of *Julius Caesar*. This year's new opera productions are *Così fan tutte* (with Cecilia Bartoli and Jennifer Larmore), Lucio Silla

(with Ann Murray and Luba Orgonova) and Monteverdi's *Poppea* (with Sylvia McNair and Philip Langridge). Revivals include *Salome* (Borody/Dohnanyi, with Catherine Malfitano and Bryn Terfel) and *Falstaff* (Ronconi/Solti, with José van Dam). There are concert performances of Dallapiccola's *Ulisse* and Nono's *Prometeo*. Despite the increase of contemporary music at the festival, Salzburg's luxury element continues with a parade of top-class orchestras, conductors and soloists, including the Berlin Philharmonic with Abbado, the Oslo Philharmonic with Jansons and Vienna Philharmonic under Maazel, Ozawa and Levine. Riccardo Muti's only appearances this year will be to conduct two Jesse Norman concerts on Aug 2 and 3. A notable occasion will be the farewell concert on Aug 9 of Christa Ludwig, one of the best-loved of Salzburg veterans. Ends Aug 31 (0662-844501)

SAVONLINNA

No one who visits Finland's premier summer festival can fail to be impressed by the stone castle courtyard in which it takes place. Poised on the edge of a lake, Olaf's Castle (Olavinlinna) is one of the world's outstanding outdoor locations for opera. The festival opened two weeks ago with *Macbeth*, conducted by Leif Segerstam and staged by Ralf Langbakka, with festival director Jorma Hynninen in the title role (final performances tomorrow and next Tues). *Fidelio* (tonight and Sat) is staged by August Everding and

conducted by Miguel Gomez Martinez, with a cast led by Renate Behle, Tom Krause and Matti Salminen. Lithuanian Opera and Ballet Theatre brings *Nabucco* (first night July 21) and Lucia di Lammermoor (July 22). Kaisa Hannula is soloist in Poulenc's *La voix humaine* at Savonlinna Church Centre tomorrow and Sun. Ends July 27 (057-514700)

TANGLEWOOD

For more than 50 years, the Boston Symphony Orchestra's summer home has provided a relaxed setting for concerts in the heart of the Massachusetts countryside. Tonight: recital by Beaux Arts Trio. Tomorrow: Yuri Temirkanov conducts a Russian programme, with piano soloist John Browning. Sat: Robert Spano conducts Stravinsky and Tchaikovsky, with piano soloist Peter Serkin. Sun afternoon: Seiji Ozawa conducts Dvorak and Tchaikovsky, with violin soloist Itzhak Perlman. In the following two weeks, John Eliot Gardiner conducts Beethoven and Berlioz, Sergel Leiferkus and Galina Gorchakova give a Russian song recital and Roger Norrington conducts Beethoven's *Missa Solenne*. Ends Aug 31 (Ticketmaster Boston 617-831 2000 New York City 212-3077171)

VADSTEJNA

Vadstejna's annual opera festival continues its exploration of forgotten works from the past with Stradella's *Il Trespulo turore* (1679) and Pae'r's *I molinari* (1794). Till Aug 11 (Tickets 0143-19400 information from 0143-12229)

ARTS GUIDE

Monday: Performing arts guide city by city.
Tuesday: Performing arts guide city by city.
Wednesday: Festivals Guide.
Thursday: Festivals Guide.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV
(All times are Central European Time)

MONDAY TO THURSDAY
Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Better in the black than clean and green



BOOK REVIEW

Moments of candour are rare when the environment is on the business agenda. I experienced one last year when asking the manager of a large UK oil refinery what benefits he got from investing in green technology. He answered: "Absolutely none."

It made a refreshing change from the platitudes about getting ahead and doing one's bit for Mother Earth which businessmen feel compelled to utter on such occasions. But even this direct response was little help in plumbing the murky depths of business attitudes towards the environment. It is a subject rich in complexity, laced with emotion, tinged with fear – one where clear and honest thinking is notable for its scarcity.

This book is an attempt to shine some light through the murky – at least so far as European business is concerned. It is only partially successful because the light is frustratingly patchy. But it does pick out the main features, and it gives readers a reassuring sense that what they are glimpsing bears some resemblance to the truth.

The frustrating part is the anonymity given to the companies which are the subject of the book. This, the authors tell us without a trace of irony, was to allow the interviewees "to define corporate positions clearly". In itself, this tells us a lot about those positions: they are highly sensitive – and probably embarrassing as well.

The book is a straight piece of research insofar as its authors, working under the aegis of the Energy and Environmental Programme of Chatham House, have collated the responses to questionnaires sent to 55 companies in France, Germany, Italy, Benelux and the UK, representing the automotive, metal processing, petrochemical, power generation and steel industries.

The questionnaires asked them how important the environment was, where the pressures lay, how they dealt with them, where they saw environmental issues heading, and so on.

The questions boil down to

ENVIRONMENTAL PROFILES OF EUROPEAN BUSINESS

By Dion Vaughan and Craig Mickle

Royal Institute of International Affairs and Earthscan £15, 107pp

whether companies have any kind of policy on the environment. The chapter on the auto industry lays out what must be a fairly widespread view: "Although all companies consider the environment an important corporate priority, most clearly consider profitability more important. Analysis of the responses suggests that few companies have a strategic plan to generate additional profitability from their environmental positioning and expenditure."

In other words, they do not associate the environment with profit-making. In the steel industry, environment ranked behind profitability, health and safety, and none of the companies interviewed had a main

Many companies seem to see these issues as fads embraced by a fickle public

board director with sole responsibility for it. However, the survey did find a more advanced (if that is the right word) attitude in the chemical industry, where companies "see their role as optimising value added... to raw materials through manufacturing. Environmental management is now a very important input to this process; polluting wastes are seen as unused resources."

Here, the environment is forcing companies to make fuller use of their materials. The chemical industry and the electric utilities emerge from the study as the sectors most deeply engaged in environmental issues, probably because of the strength of outside pressures, such as the carbon tax proposal and concern about acid rain.

But for the utilities, the environment is a damage limitation exercise: the opportunities to gear up environmental

spending are few. By contrast, the auto industry ought to see the environment as a challenge to respond to rising emission standards and excise taxes to develop new vehicles. But the study comments: "What is surprising, however, is that only some automotive companies take this view. The rest react to, but do not seek to exploit or pre-empt, consumer demand for environmentally friendly products which at the moment appears somewhat artificial."

Why does business take such a reactive, even passive, stance? The respondents give a number of reasons: uncertainty about future legislation, the poor financial returns from environmental investment, and the lack of strong customer pressure. Notice, though, that these are all extraneous factors.

Might the explanation also lie in the attitude of business itself? Two components of that attitude come through clearly. One is a narrow perception of the environment as a requirement to limit harmful emissions or make safe products, rather than as a broader concept representing a scale of values. The other is a lack of conviction that many environmental issues are genuine; many companies seem to see them as fads embraced by a fickle public – and exploited by press and politicians.

These are sweeping statements, of course. They do not apply equally to all industries, and they only contribute to the way people think. But my candid oil refinery manager would recognise them straight away. The green lobby may seize on this study as confirmation of industry's minimalist approach to the environment. But that is not the real message. The findings depict businessmen who are primarily – and rightly – concerned with making a profit within the confines of the law, but who are confused by the buffeting of environmental pressures. The authors are probably right to conclude that nothing much will change without clear-sighted legislation, and a public that is willing to pay premium prices for environmentally friendly products.

By concentrating on the big picture there is a danger that issues affecting small component suppliers could be ignored, says Mrs Smith. This could have a detrimental effect on larger manufacturers which rely on small suppliers. Ministers and government officials say they do not have

David Lascelles

The British Button Manufacturers Association was formed in 1915 when the country's clothing manufacturers were still a force to be reckoned with. Today, the association shares its headquarters with the Buckinghamshire home of its secretary, Mrs Patricia Smith.

Its membership has fallen to 14 companies, from about 160 at the end of the second world war, but it still expects to have occasional meetings with senior government officials on issues that affect European and world button markets. Hundreds of other UK trade associations, large and small, have similar aspirations.

However, Mr Michael Heseltine, trade and industry secretary, wants to restrict their access, concentrating ministerial and civil servants' time on a smaller number of "better resourced, more powerful" lead associations in each industrial sector. His aim, announced in a recent speech to the Confederation of British Industry, is to improve the quality of industrial lobbying in Whitehall and Brussels.

The principal role of trade organisations is to lobby government on legislation and likely policy changes that could affect the way in which their member companies operate. Mr Heseltine believes that fewer, larger groups would be more effective than a myriad of smaller, more narrowly focused bodies.

The prospect of losing already limited access to government dismays Mrs Smith, who is contracted by the button makers to work one morning a week – in practice, it is more – assisting with pay negotiations, dealing with correspondence, organising meetings and keeping abreast of possible legislative changes.

She says: "Recently we became concerned about European Community attempts to restrict the use of nickel, which affects button making. After much badgering we got a meeting with Department of Trade officials, but only at a very low level. We were very disappointed." The department has raised the issue in Brussels, but the proposed EC legislation remains unchanged.

By concentrating on the big picture there is a danger that issues affecting small component suppliers could be ignored, says Mrs Smith. This could have a detrimental effect on larger manufacturers which rely on small suppliers.

Ministers and government officials say they do not have

Lobbying not worth a button

Andrew Taylor looks at UK government plans to prune its contacts with trade associations

enough time to see all the organisations demanding their attention. They add it can be confusing to receive conflicting messages from trade associations in the same sector.

There are about 2,000 registered trade associations in Britain, compared with 1,200 in Germany and 1,000 in France, according to Mr Chris Henderson, a director of CBD Research, which since 1985 has published a series of British and European guides to business, trade and professional organisations.

The formation and survival of so many associations is explained partly by history: the scale and diversity of Britain's industrial base spawned large numbers of trade groupings, whose members have traditionally valued their independence and who enjoyed the club-like atmosphere of small, focused organisations.

While industry has declined, the number of associations has remained high. In the past 25 years, since CBD Research has kept records, the number has been remarkably constant, says Mr Henderson. Associations in declining industries that have merged or disappeared have been replaced by new industry bodies formed in growth areas such as electronics, he says.

But recession in the past few years has eroded individual membership numbers and trade association income – most fees are based on a member company's turnover, payroll or capital employed.

Some smaller trade associations, faced with the loss of lobbying access as well as dwindling income, are seeking loose federations where they can share resources, while others have merged with larger, more powerful organisations in the same sector.

Mergers between smaller associations have increased as the industries they represent have shrunk or rationalised.

An example of the trend is the formation of the British Engineers' Cutting Tools Association, which represents the



combined forces of the Sheffield-based Milling, Cutter and Tool Bit Association, the Twist Drill and Reamer Association and the Saw Thread Tool Association. The new body will remain a member of the 50-year-old Federation of British Engineers' Tool Manufacturers which helps co-ordinate the industry's lobbying activities.

The Chemical Industries Association, singled out by Mr Heseltine as "an excellent example" of a "well-resourced lead association", acts as an umbrella organisation providing substantial lobbying assistance to other chemical trade associations trying to influence Whitehall and Brussels. It has an annual fee income of about £4m – only slightly less than the combined turnover of all 14 members of the British Button Manufacturers Association.

Mr John Cox, the association's director-general, says: "It is not enough just to respond to upcoming legislation. You

have to be in permanent contact with policymakers so you can influence proposals before they are made. You have to know which members of parliament, in Westminster and Strasbourg, have influence and when you can contact them. We have to employ permanent staff to cope with this work, which smaller associations would not be able to afford."

Even large employers and trade bodies are forming links: the Confederation of British Industry and the Engineering Employers' Federation are examining ways to "collaborate more closely to improve the delivery of industry's message to government".

But co-operation between groups in Britain tends to be less centralised than in Germany, for example, where specialist interest groups are more co-ordinated within central industrial organisations. These

provide a well-organised system of industrial lobbying, says Mr Henderson, as well as providing services for a range of separate product groups – in a similar fashion to the Chemical Industries Association.

The success of more centralised groups does not mean that small associations have no place in representing manufacturers' interests. "The British system tends to be more informal," says Mr Henderson. "Separate product groups in the same industry may share the same headquarters and even the same secretary, but still value their independence. This does not necessarily make them less effective."

"Associations have a lot of functions. They may help organise specific industry training, maintain links with educational bodies, assist with pay negotiations, arrange conferences and generally promote and market their industry. It would be a pity if these individual services were lost as a result of member companies moving to more broadly based organisations."

But Mr Henderson shares Mrs Smith's concern that small but important issues might slip between the cracks, damaging the interests of small industries which supply larger manufacturing interests.

It is not the first time that government has tried to rationalise its relations with industry lobbyists. The 1972 report of the Commission of Inquiry into Industrial and Commercial Representation under Lord Devlin similarly criticised duplication and confusion in trade associations competing in the same industries.

The report said: "Everybody agrees that there are too many bodies. A businessman can find himself paying out substantial sums to quite a number of different bodies without being at all clear what he gets in exchange... He can find himself attending quite a number of different meetings at which the same subjects are being discussed."

In the critical area of representation to government, it concluded: "You can have competition of services but not competition of voices."

The commission's report was quietly forgotten and nothing changed. The Department of Trade and Industry, more than 25 years later, might be more persistent.

The associations themselves appear to be moving in the right direction. It will be up to the DTI to ensure that those small but important issues do not slip through the cracks.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Time to make the water polluters pay

From Mr Chris Smith MP.

Sir, Your editorial, "The value of clean water" (July 14), concludes that the case of Ofwat, the water regulator, "demands a political response". Quite so. Ofwat's argument is based on the false premise that the costs of cleaner water must be borne by consumers. This need not be so. The government should be regulating industries and agriculture more stringently in order to reduce the amount of pollution discharged into water courses. Prevention is better – and cheaper – than cure. Instead of this, the government is deregulating.

When pollution cannot be prevented, the polluter and not the consumer should pay to remove it from water. This is a principle to which the govern-

ment pays lip-service, but fails to implement. It should do so.

The water companies will, of course, have to pay to clean up sewage out of general revenue. But even this does not necessarily mean that the consumer needs to be hit hard in the short term in the way that Ofwat predicts. The current financial regime created at the time of privatisation discourages water companies from borrowing money for long-term investment. Yet water and sewerage companies ought to find it easy to borrow for investment at reasonable rates – their business could hardly be described as high risk.

On a more symbolic level water company executives should perhaps consider whether it is wise to bleat about the cost of environmen-

tal improvements while continuing to award themselves pay increases of more than 40 per cent every year.

It is a false dichotomy to posit a choice between clean water and affordable water. We can and must have both. What is needed is a sensible, non-dogmatic approach which combines a range of options and instruments, and a demonstration of firm political will. As you imply, it is now up to the government to provide this.

Chris Smith, shadow secretary of state for environmental protection, House of Commons, London SW1A 0AA

From Mr James Skinner.

Sir, In the debate about the price we must pay for clean water frequent reference is

made to the cost of combating pollution caused by fertilisers and pesticides. If these costs were charged to farmers, according to the "polluter pays" principle, it would be one step towards establishing the true costs of intensive as opposed to extensive farming.

Other external costs incurred by intensive farming include massive "set-aside" costs; storage and disposal of crop surpluses; unemployment benefits; soil depletion; high energy consumption etc. If these were charged to intensive farmers, the true economics of organic farming might become more apparent, and water bills might rise more gently.

James Skinner, Heron House, Chiswick Mill, London W4 2PR

BT services already taken to air

From Mr Colin Browne.

Sir, As many of your readers will have discovered for themselves, BT has offered a worldwide commercial in-flight telephone service since September 1990 ("Mercury to start in-flight phone lines", July 7). BT's Skyphone service, operated in conjunction with our partners, Singapore Telecom and Norwegian Telecom, is used by two leading airlines – Singapore Airlines and Air China. The consortium is also in detailed discussion with other airlines.

Earlier this year, BT launched the world's first global airborne fax service, again with Singapore Airlines and Air China.

BT and France Telecom are now in the final stages of implementing a dedicated, land-based pan-European digital service called Jetphone. The service is due to start in October 1993 and has the support of a number of European airlines. The system will provide "the office in the sky", as well as on-board shopping, car and hotel reservations and in-flight entertainment.

Colin Browne, director of corporate relations, BT, 81 Newgate, London EC1A 3AJ

Private View obscures complexity of living species

From Mr Paul Munton.

Sir, The Private View interview with Claude Martin, the new director of World Wide Fund for Nature (July 9/10), seemed to miss the point.

Dr Martin might have been asked if the Panda symbol was not now so prominent that it obscured the complexity and importance of the work that goes on under its logo. Pandas and other "cuddlies" have long been the advertising front for funding of a lot of hard-headed thought and work on the diversity of life on earth, from viruses to vertebrates, and the relationship of that diversity with the economic, ethical and

spiritual life of humans.

Each living species is more complex than any man-made machine. Very few individuals of any species are the same, and their inter-relationships are intricate as to be largely beyond human elucidation. To demand the moral justification of conserving the angonoka tortoise is as irrelevant as the Tory government asking the same question about any particular small business during a time of depression.

Given the bent of the FT, a deeper examination might have been appropriate: of Martin's view on the implications of taking funds from industrial

and economic interest groups; on environmental action by industry; and upon ensuring the continued availability of biological resources to man.

These are complex and important issues and their treatment in your feature may be likened to an interview with the chairman of the stock exchange on the simplistic and outmoded basis that he oversaw a casino and that capitalism contained the seeds of its own destruction.

Paul Munton, Ministry of the Environment, Muscat, PO Box 323, Sultanate of Oman

Government failing to convince on CrossRail

From Mr Jeremy Bayliss.

Sir, To achieve its target of attracting 30 per cent of the funding needed for CrossRail from the private sector ("Private cash sought for 30 per cent of CrossRail", July 8), the government has got to give private investors the confidence they need to commit the very large sums of funding required. The government is failing to do this at present.

The case for CrossRail is unassailable. Probably the best conceived transport project to be undertaken in such a complex city setting, it will reduce congestion, bring environmental benefits and help to guarantee London's position as the

world's leading international business centre.

The government is right to look for input from the private sector. Governments worldwide are finding that they do not have the funds required to finance all the public services and infrastructure they would like to provide. CrossRail is a prime example of a project that would benefit from the commitment, management and market experience that the private sector can bring.

If it is to win private sector backing, however, the government must now give an unequivocal commitment that the project will go ahead as soon as the legislation is

enacted. It must also set out clear guidance on the level of funding and the sharing of risk.

CrossRail will be a significant test of the feasibility of public/private sector partnership. The government must show full commitment in pushing it forward if it is to pave the way for private investment in other infrastructure projects needed for the 21st century.

Jeremy Bayliss, chairman, RICS infrastructure panel, The Royal Institution of Chartered Surveyors, 12 Great George Street, London SW1P 3AD



IBERIA

Handwritten signature or stamp at the bottom of the page.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday July 15 1993

Improving the World Bank

THE WORLD Bank is never going to be loved. With a portfolio of \$140bn invested in 1,800 projects and programmes, it is too powerful for that. It can hope only to be respected. But to win that respect, it must be both open and tough, open about its failures, tough on its shareholders and, most of all, itself. With its "agenda for improving development effectiveness", the bank is taking steps in the right direction.

The bank's prime aim of poverty reduction can, in the words of its president, Mr Lewis Preston, be attained only "by restoring or accelerating economic growth and by focusing on policies and programmes that specifically benefit the poor". The bank tries to turn such benign intentions into reality via its lending.

To Mr Preston's credit, he decided to find out how well the bank's lending was working. The answer, it turns out, was not very well. The proportion of operations in progress that had "major problems" had risen from 11 per cent in 1981 to 20 per cent a decade later. In agriculture, 25 per cent of projects were in difficulty. The bank's Operations Evaluations Department judged only 63 per cent of completed operations to be satisfactory in 1991, a sharp decline from the 85 per cent achieved in 1981.

This looks dreadful. So, in many ways, it is. But oversimplification must be avoided. It would be easy for the bank to improve its performance by avoiding innovative, risky or complex projects, particularly in the poorest countries. Furthermore, many failures are to be explained by adverse global developments, such as deteriorating terms of trade and high real interest rates. Also important has been the poor state of many borrowers' economies. The debt crisis inflicted serious damage, for example, though these difficulties usually reflected and, in turn, contributed to wider economic mismanagement.

Nevertheless, the bank does bear much of the blame. It is

simultaneously a financial intermediary, a dispenser of largesse and a supplier of advice. All these objectives have to be served by its lending operations. Conflicts inevitably arise. In practice, effectiveness has too often been subordinated to the desire to expand lending and remain on good terms with clients, who are also shareholders.

The bank's proposed solutions are to move the management of country portfolios to centre stage in its dialogue with borrowers; to foster "genuine partnership" with borrower agencies; to ensure the participation of the poor; to restructure ongoing operations when necessary; to simplify project design; to improve the management of operations; and to enhance the role played by operations evaluation. It also aims to redirect internal incentives towards rewarding successful progress in projects, from project approval.

This is fine, so far as it goes. But it does not go far enough. The bank cannot force governments to do what they do not want to do. Similarly, it cannot give countries honest and effective government. What the bank can do is decide whether a particular government or borrower is worthy of support. If the conditions for effective use of resources do not exist, the bank must walk away, explaining clearly both to the client and to a wider audience why it has decided to do so.

This will take courage. But it will also demand greater openness. The bank needs to see an informed public opinion as its friend. Some of the bank's critics will never be mollified. But many in both developed and developing countries want the bank to succeed in its prime goal of helping reduce poverty. They also recognise that developing countries need honest and effective government, implementing sensible policy. If the bank stands firmly for that, it will deserve respect. If it is seen to stand for that, it will receive it.

Lords' day

IN THE last century, Parliament's House of Lords was described by Bagehot as a dignified rather than an efficient part of the UK constitution. Widening the franchise had led to the triumph of the democratic Commons over the aristocratic Lords. But yesterday their lordships again found themselves at the centre of the political debate as anti-Maastricht campaigners urged them to overturn the Commons by voting for a referendum on the treaty.

Both sides in the debate assiduously courted the "backwoodsman", the hereditary lords who rarely attend debates. Last time they turned out in force was in 1988, to defeat moves to introduce an element of progressivity in the poll tax. Their pivotal role in so many of these wealthy but untested legislators gained largely from the abolition of rates.

Attempts to reform the House of Lords have been fraught with difficulty, however. It may be anachronistic that the UK's upper house is largely composed of peers who have either inherited their titles or received them as beneficiaries of the prime minister's patronage. It may be absurd that this large and unwieldy body which meets more frequently than almost any other legislature in the world in

practice wields very little power. But finding cross-party agreement on how to reform the Lords has repeatedly foundered, not least because many MPs prefer a toothless second chamber that is unable to challenge the Commons' democratic credentials.

Yet a second chamber that enjoyed greater legitimacy could do much to improve the quality of Britain's governance, as a pamphlet published today by the left-leaning Institute for Public Policy Research points out. It would be better able to amend and improve bad legislation. Its authority would be strengthened in scrutinising the work of the European Community. It could vet appointments to quangos, providing checks on the exercise of ministerial patronage. And it could be given special powers to veto constitutional changes which would therefore require the endorsement of both houses.

But it can do none of these things well without the legitimacy conferred by democracy. That means elections for most or all of its members, though there is a case for some appointees to represent special interest groups such as business, religious organisations and ethnic minorities. Dignity should give way to legitimacy in the UK's upper house.

German mould

YESTERDAY'S announcement that the Bavarian state government is to sell off its 8 per cent stake in Deutsche Aerospace provides a further indication of the degree to which unification's turbulent aftermath is shaking the foundations of the German economic system. The united Germany which eventually emerges from the current recession will differ from the old west Germany in more profound respects than just population and geography.

Necessity, rather than ideology, is the primary reason for the Bavarian Land's decision. No one can doubt the urgent need to raise revenue from any source possible, both centrally and regionally, in order to close Germany's gaping government budget deficit.

But the sale - the first significant divestiture by a regional administration of a strategic industrial stake, originally taken to aid the postwar reconstruction - does mark a significant evolution in Germany's economic evolution. Many other state holdings, such as the vast panopoly of subsidies and holdings, may not survive the budgetary squeeze.

Nor is the state sector alone being shaken up. Three years of high interest rates and a strong D-Mark have forced German industry to think hard about ways

to cut costs and become more competitive. Companies are, as a result, looking beyond Germany's borders: to New York for capital, and to east and south Europe for cheaper labour.

Germany's social partners are, meanwhile, slowly modifying past practices which have sometimes stressed regulated uniformity over competition and flexibility. The strains in east Germany resulting from Germany's co-ordinated wage-bargaining system signal the need for change: the draft law on flexible working hours, approved by the cabinet this week, suggests it is beginning.

This is not an obituary for an economic model which, in the main, has served postwar Germany well. The structure of German industry is, and will remain, very different from the Anglo-Saxon model: secrecy remains highly prized, public companies are much less common, ownership is more concentrated, industrial cross-holdings are normal and hostile takeovers rare.

Yet change will continue at the margin. For even if the Bundesbank chooses to cut interest rates at today's council meeting - and the French authorities must surely hope it will - the pressure on industry to become more competitive can only intensify.

Moslems in turmoil: terror sheikh surrenders after Brooklyn mosque drama. The headline in a British Sunday newspaper articulates a widespread western view of Islamic fundamentalism and its association with terrorism.

"West anxious to refuse Moslem peace force", the headline in one of yesterday's papers, emphasises just how uncomfortably that perception sits alongside the west's failure to ease the worsening plight of the Bosnian people, and the mounting frustration of Islamic leaders at being blocked from coming to the aid of their co-religionists.

The offer by seven members of the Islamic Conference Organisation to provide 17,000 troops, including 10,000 trainees, for peacekeeping duties in Bosnia poses an acute dilemma for the west, precisely because it feeds the fear of Islamic extremism getting a foothold in Europe.

Foremost among those international leaders who endorse that interpretation is Mr Yitzhak Rabin, the prime minister of Israel. "They [the fundamentalists] are starting to build an infrastructure of terror all over the world," he told a Paris audience last week. "They will not tolerate the presence of any foreign, non-Islamic entity in the Middle East. They will fight all the moderate Arab regimes."

After the arrest in New York of eight men, accused of plotting explosions and identified instantly by police as Islamic fundamentalists, the American public was similarly left in little doubt by some of its politicians that the US was itself under threat. It is an assumption already reflected in US Middle East policy, where the containment of Iran, described by Washington as the world's foremost sponsor of terrorism, has been given top priority.

Senior officials in Washington emphasise that the US has nothing against Islamic regimes as such. The Saudi Arabian government, for example, is more fundamentalist than most. It is also authoritarian, denies any movement towards political pluralism, refuses women the right to drive cars, beheaded 66 criminals in public last year, and is spending billions of dollars on building up its military machine. The US views Saudi Arabia as a close friend and its staunch ally in the Gulf.

On the other hand, Iran, which also defines itself as an Islamic state and, according to Amnesty International, executed 330 people last year, has elections of a sort and a functioning parliament, allows women to drive cars, and is spending a fraction of the Saudi Arabian outlay on new weaponry. Together with President Saddam Hussein's Iraq, it is described by the US as a grave threat to world stability.

The basic difference between Iran and Saudi Arabia, at least when viewed from Washington, is that one sees the US as the Great Satan while the other sees it as the Great Saviour. Put another way, Washington has much less of a problem with the domestic policies of Islamic governments than it does with their external posturing.

In part this is because Islamic fundamentalism has, for the past 15 years, been primarily a rallying point and a focus for dissent against regimes which permitted no alternative political voice and were sometimes allied to the US. The Iranian leadership under Ayatollah Khomeini saw America as the root of all evil and its presence in the Middle East a provocation to all Moslems. Iran still sees its role as coming to the aid of oppressed Moslems anywhere in the world, but especially in the Middle East.

After 14 years of Islamic government, Iran cannot claim much success abroad, or at home. Despite all the talk of exporting revolution, there is not a lot to show. Equally, the sorry state of the Iranian economy leaves little to crow about. But what Iran has been able to do, to a modest extent, is capitalise on the political and economic failures of others. In the process its capacity for trouble-making has been purposefully exaggerated, not least by

Roger Matthews examines the strength and appeal of Islamic fundamentalist movements throughout the Middle East

A voice for the oppressed



Faces of Islam: the fortunes of Moslems in Algeria and Bosnia are causing frustration for many Islamic leaders

soma Middle Eastern leaders such as President Hosni Mubarak, who for months has been crediting Iran with the prime responsibility for terrorist attacks in Egypt.

Outside Iran, fundamentalist or radical Islamic movements have thrived most where there has also been the partial collapse of the state (Lebanon and Sudan), where economic deprivation and disparities have been particularly marked (Algeria and Egypt), and as a consequence of occupation (the West Bank, Gaza and Lebanon). They have been additionally aided by the more general perception among Arab populations that their governments have failed them.

The movements which inspired

Where there is a degree of international co-ordination it stems primarily from Iran. Even then it is difficult to identify who is responsible when power is shared between spiritual leader, president, parliament, ministers, senior ayatollahs, religious institutions and religious foundations. Contradictions are inevitable. The country's economic reconstruction programme needs to attract western capital and technology, but its foreign policy, especially on the Middle East peace process, is diametrically opposed to US and European efforts.

Iran's successes have been greatest where Israel has blundered out of the frying pan into the fire, most notably in its efforts to smash opposition to its military occupation in the West Bank, Gaza and Lebanon. The harsh response to the five-year Palestinian uprising in the occupied territories has given Hamas, the radical group supported by Iran, the chance to draw popular support away from the more moderate Fatah, the dominant component in the Palestine Liberation Organisation headed by Mr Yasser Arafat.

In south Lebanon, the formerly quiescent Shia population was politicised by Israel's invasions in 1978 and 1982. The invasions succeeded in ending the Palestinian military threat to Israel's northern border but contributed to the birth of Hizbollah, which is also backed by Iran and was responsible for seizing western hostages in Beirut. Hizbollah not only continues to inflict more casualties on Israeli troops than the Palestinian guerrillas, but has become an important element in determining Lebanon's political stability.

Conversations with officials in Tehran leave little doubt that Iran sees its allies in the occupied territories and its co-religionists in Lebanon as offering direct leverage on the peace process and on wider American-Islamic plans. Just how extensive Iranian ambitions are is

difficult to assess, but it would seem obvious that Iran will seek to exploit the weaknesses in the pro-American Arab alliance that Washington is seeking to maintain.

One of the keys to that alliance is Egypt, among the most immediate targets of Islamic extremists. The activities of a handful of terrorists during the past year have undermined the regime, especially as they have aimed principally at the tourist industry, the country's biggest single source of foreign revenue. But while there is plentiful evidence of dissent in Cairo's poorest suburbs, there is no sign of the explosive discontent which led to the country's mass riots in January 1977. Egyptians are famously slow to

In the slums and among the squatters, the assertion that the US is at war with Islam falls on receptive ears

rouse and, as the 1977 riots showed, it was government blundering rather than opposition agitation which triggered public anger. The Moslem Brotherhood, for decades Egypt's main standard-bearer of political Islam, is winning greater public support, but it seems to be more by default than by any specific policies it has to offer. An hour spent seeking to draw out a party spokesman elicited only the repeated assertion that all the answers to Egypt's myriad problems are contained in the Koran.

But if Islamic groups are reticent about precise policies, they are learning fast how to operate at the grassroots. Islamic groups in several countries have understood the effectiveness of social welfare schemes and have taken full advantage of any opportunities to become

part of the political establishment. Leading the way are Hizbollah in Lebanon, the Islamic Salvation Front in Algeria, and the Moslem Brotherhood in Egypt and to a lesser extent in Jordan.

In Lebanon, devastated by 17 years of civil war, Hizbollah runs schools, hospitals and clinics, provides housing, and administers shops which sell subsidised food. It put up candidates for last year's general elections, and its eight members of parliament set an example by the enthusiasm with which they participate in debates and sub-committees. Hizbollah is also the only faction not to have been disarmed, on the basis that it is fighting to eject Israel from the south in order to restore national sovereignty. In short, Hizbollah has covered all the options.

Allowing Hizbollah into the democratic process posed relatively few risks in Lebanon where representation is regulated according to the size of the country's religious minorities. But in Algeria - where there was no such limitation and the ruling party had little popular support - a sudden plunge into democracy by a desperate government allowed the protest vote to swing massively to the Islamic Salvation Front. It was only stopped from taking power by the regime halting the electoral process, pushing the country towards worsening political violence.

President Mubarak says he warned Algeria's leaders of precisely that danger. He has no intention of legalising the Moslem Brotherhood in Egypt and permitting it to fight an election against the officially sponsored National Democratic Party. However, there seems equally little prospect of the NDP as constituted ever winning mass support, a vacuum which the Islamic groups are in part trying to fill with welfare programmes similar to those adopted by Hizbollah.

Groups of Egyptian liberal intellectuals have warned Mr Mubarak of the risks if the government continues with its confrontational "them or us" policy. Harsh police measures to crush the Islamic challenge is not an answer, they argue, except perhaps for Syria, where the brutal suppression of the 1982 revolt in the town of Hama has broken the back of opposition to the regime for more than a decade.

But it has not provided the answer to what or who follows President Hafez al-Assad, any more than other Arab regimes have managed to create institutions which will provide for orderly and popular transfers of power. Such failures have allowed the perception to gain ground in the Middle East that it is only the Islamic movements which truly care for the poor and oppressed, an impression heightened by the collapse of communism and the Soviet Union and what are seen as hostile American attitudes.

In the slums of Cairo, among the squatters in the wreckage of downtown Beirut, in Baghdad or Khartoum, the assertion that the US is at war with Islam falls on receptive ears. However justified the Gulf war by international law, the further missile attacks on Baghdad and the continued sanctions which bear most heavily on ordinary Iraq people can be all too easily arranged to fit a specific message.

The west's failure to save the Moslems of Bosnia adds substantially to that message and will be further reinforced if it refuses the offer of an Islamic peacekeeping contribution. And, of course, there is Israel. Despite 30 months of American-sponsored peace talks it shows little sign of withdrawing from the occupied territories or relinquishing east Jerusalem.

Such issues bear far more heavily on the lives of most Moslems in the Middle East than the prominently headlined activities of a few extremists in New York. If the wider concerns of Moslems are not accorded more equal prominence, the US and its allies may be unable to check the growing suspicion that Islam is being elected to succeed communism as the primary threat to western values and political order.

Happy landing

Good to see someone preserving a sense of humour amid the massacre on Lime Street. David Springbett, who yesterday published a modified version of the London insurance market's official business plan, wants to "springclean the place".

Hence the scheme's title: "Lysol", an old-fashioned cleaning fluid, which just happens to be an anagram of Lloyd's.

While he may be a self-styled "expert bullshitter", Springbett clearly has staying power. Witness his entries in the Guinness Book of Records, which include the fastest round-the-world trip on a commercial airliner.

Twelve years ago he found himself above the Atlantic seated beside a striking girl called Paddy, who also didn't see him as her ideal man. Not content with pointing out that he was fat, she mentioned that her current beau was Arnold Schwarzenegger who'd famously earned a Guinness Book entry as the most perfectly formed man.

Divining that a mention in said esteemed tome was the key to the young lady's heart, Springbett contemplated his navel in quest of a way. He hit on the round-the-world trip for which, being a good insurance professional, he hedged himself with the bookies at 25 to 1.

Then a quick word with the publisher secured him a quarter-page colour photo in the next edition - one up on Schwarzenegger, who Springbett claims had achieved only a black and white.

Upon publication, the young lady accepted his hand, and the two are still blissfully married. Here's hoping she goes on inspiring him to great deeds.

Snoop's oops

A thrill of righteous anger no doubt ran through the Norwegian social security officer off-duty at a party. Dancing around before him was Nelly Elgaas, who he knew was receiving welfare support while off work claiming she had a bad back.

His promptly reported her, and the welfare payments were halted. They've now been restored. She was dancing as a remedial measure prescribed by her physiotherapist.

Chinese walls

"Nothing to worry about, there's always a bit of unrest at this time of the year," Britain's Beijing embassy assured visiting members of the House of Commons foreign affairs committee in May 1989. What they'd inquired about was student demonstrations in Tiananmen Square - which left some of the visitors with what one

OBSERVER



of them, Conservative Michael Jopling, terms "the view that the embassy was not in touch with what was going on".

With the committee planning to go to Beijing again, Jopling yesterday asked the subsequently appointed ambassador, Sir Robin McLaren, in London between talks with China about Hong Kong, if the embassy's eyes were sharper these days.

Perhaps more used to silken diplomacy than direct confrontation, the envoy replied that he had read all the embassy's cables in 1989 and could assure the committee members that it had been "by no means complacent

or dismissive". Nor was his snapshot of the present position likely to change Jopling's view.

Communist countries were difficult to understand, it went, rather like a lake with black water and currents running beneath the surface. The present situation in China was "very interesting" and the ambassador could not predict the future with confidence.

Flagging

There might well be some awkward silences at the first meeting of the newly formed board to keep the British Labour movement's colours flying by preserving trade union banners for posterity. After all, besides John Smith, the board includes TCUW leader Bill Morris and his QMB counterpart, John Edmonds.

But if the two union bosses can't think of anything to say to the would-be reforming party leader, they could always borrow the immortal line from teenage novelist Daisy Ashford's *Young Visitors*: "You look rather rash my dear your colors dont quite match your face."

Title tattle

News that just departed Bank of England governor Robin Leigh-Pemberton has taken the title of Lord Kingsdown caught Observer off-guard. Didn't Kingsdown in Kent already have

a lord of the manor in Kenneth Noye, one of the brains behind the 1982 Brinks-Mat bullion robbery?

Perhaps the former guardian of Britain's gold was moving in to search for the still missing bulk of the robbers' undercover reserves. But the odds would surely be against him in an area where many of the houses look as though they must have been built without planning permission, besides being guarded by rottweilers.

Wrong track, however. The said Kingsdown has nothing to do with Leigh-Pemberton's new title, which has a spotless record indeed. It has been kept unused for over a century, dating back to one of Leigh-Pemberton's great great granddads who died childless.

Relocation

Talk about charity beginning at home. Yesterday's Independent illustrated its report on the restored dividend at estate agents Savills with a picture of a country house. The caption read: "Lower Roundhurst near Hazelmer, Lancashire, is priced at £1.8m."

What wasn't mentioned was that the property belongs to one of the lady's communist who'll no doubt welcome the publicity for the sale - share-tipper Jim Slater. Even so, the paper stopped short of putting potential buyers directly on the scent. The house is not in Hazelmer, Lancashire, but Haslemere, Surrey.

Japanese opinion polls predict big loss for Social Democrats

By Robert Thomson in Tokyo

JAPAN'S ruling Liberal Democratic party will not gain a parliamentary majority in Sunday's election but the Social Democratic party, the largest opposition group, will be a bigger loser, according to opinion polls released yesterday.

The results of the newspaper-sponsored polls, the largest of which sampled 110,000 voters, reflected increasing support for newer, pro-reform parties such as the Japan New party and the Japan Renewal party, both of which could win 40-50 seats in the 511-seat parliament.

But the LDP, which entered the election with 237 seats after losing the support of one of its factions, may not be as battered as

was predicted when the government of Mr Kiichi Miyazawa fell after losing a no-confidence motion late last month.

It is now expected to secure 220-230 seats. The polls - published by the Nikkei Shimbun, the Yomiuri Shimbun, the Asahi Shimbun and the Mainichi Shimbun daily newspapers - indicated that many voters had yet to decide. But they suggested the LDP would form a coalition government, with the JNP likely to have enough seats to make it an influential partner.

There is also a possibility that the JNP could form a coalition with opposition parties, but Mr Morihiro Hosokawa, the party's leader, has suggested a coalition with the LDP is more likely.

However, Mr Hosokawa has also suggested that a coalition government is likely to collapse quickly. This would force another election within a year, giving his party and other new groups more time to prepare for a campaign and select candidates.

The snap poll has put pressure on the new parties: the JNP has been able to muster only 69 candidates, the JNP 57 and the New Party Harbinger 16. JNP officials are already planning for the next election, which they expect early next year.

Each of the polls indicated that the SDP, which now has 140 seats and has traditionally won the protest vote, would be badly bruised on Sunday. Estimates put the number of seats it is likely to win at between 68 and 100.

The party appears to have alienated old supporters through a last-minute attempt to overhaul a foreign policy more appropriate to the 1970s, but it has also put off other potential voters by not reforming the policies quickly enough.

On average, the four polls found that the Japan Communist party would keep its present total of 16 seats, and could take as many as 20 seats.

Meanwhile, the Komeito, backed by the Soka Gakkai religious movement, is expected to keep its 46 seats.

If the polls are accurate, a coalition among the Komeito, SDP, JNP and JRP could form a new government. But policy differences should ensure their administration was short-lived.

Sharp rise in US consumer spending as inflation eases

By Michael Prowse in Washington

US consumer spending rose significantly in the second quarter while inflationary pressures moderated, official figures indicated yesterday.

This suggests that the US economy, after sharp price increases in an erratic first quarter, is returning to last year's path of moderate growth and subdued inflation. Fears that the Federal Reserve, the central bank, would push up interest rates in the near future have all but evaporated.

The Commerce Department said retail sales rose 0.4 per cent between May and June and

sharply revised upwards estimates of spending in previous months. The Labour Department said consumer prices were flat last month after a marginal 0.1 per cent increase in May.

Official figures earlier this week showed a 0.3 per cent decline in wholesale prices last month, the biggest in two years.

In May, the Fed reacted to signs of rising inflationary pressures by shifting from a neutral monetary stance to a bias toward raising short-term rates. However, the Fed is now expected to take a more relaxed attitude towards inflationary pressures and to postpone a tightening of monetary policy at least until the

autumn, perhaps until next year. Retail sales in April and May were revised up sharply to show monthly gains of 1.9 per cent and 0.4 per cent respectively, against previous estimates of 1.5 per cent and 0.1 per cent.

The latest figures suggest that real consumer spending grew at an annual rate of about 3 per cent in the second quarter, a sharp rebound after growth of less than 1 per cent in the first quarter. The recovery was led by big increases in car sales. Sales of clothing and general household goods also improved noticeably.

The annual rate of consumer price inflation fell to 3 per cent against 3.3 per cent in May.

Inflation in UK at 1.2%, lowest rate since 1964

By Emma Tucker in London

BRITISH retail prices fell 0.1 per cent last month, to bring the annual inflation rate to 1.2 per cent, the lowest since February 1964. Underlying inflation excluding mortgage interest payments was unchanged at 2.3 per cent.

The Central Statistical Office said the fall in prices was mainly because of an early start to the summer sales. Telephone and electricity charges also declined.

Economists warned, however, that inflation did not have much further to fall. Although few expect underlying inflation to breach the government's 4 per cent target ceiling before the end of the year, many believe that price pressures are starting to build slowly as demand for consumer goods recovers and the higher cost of imports is passed on by retailers.

Mr Kenneth Clarke, chancellor of the exchequer, said yesterday: "At the moment, the economy is recovering perfectly sensibly. I don't expect us to have good news all the time but at the moment the recovery isn't looking fitful. In the last day or two, it looks as though it is strengthening a little."

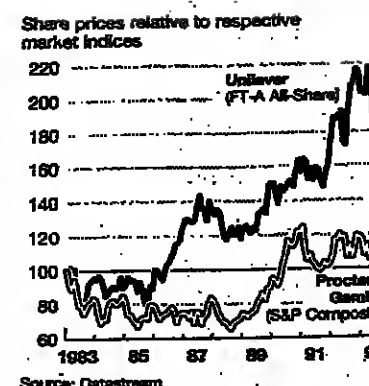
Financial markets reacted well to the news, which came only a day after the announcement that UK manufacturing output rose by 1.8 per cent month-on-month in May. Long-dated bond yields, which reflect the market's expectations of future inflation, fell below 8 per cent for the first time since early 1972.

The pound climbed higher against the D-Mark closing up 1/4 of a penny at DM5.5775. It was also slightly stronger against the dollar, ending the day at \$1.5025 compared with a previous close of \$1.4935. The figures made little impact on share prices, however. The FT-SE 100 index closed down 4.3 at 2,532.3.

Bursting branded bubbles

THE LEX COLUMN

FT-SE Index: 2532.3 (-4.3)



Procter & Gamble's price offensive in the US detergents market has blown more bubbles up the noses of investors worried about brand values. There may be specific reasons for P&G's campaign: the need to counter Unilever's launch of super-concentrated detergents being one. But the move also reflects the general industry shift towards the latest fad of everyday low pricing. P&G has been cutting the promotional spend on 70 per cent of its products, allowing it to reduce prices. The sums may only work, though, if P&G is able to make similar cuts in costs. P&G's press conference today may reveal how.

The question worrying investors, though, is whether such moves are short term expedients designed to address flagging sales or longer term strategies which will rewrite the rules of the branded game. Trading conditions have changed greatly since the 1980s. Companies are being forced to adapt. Whereas the 1974 and 1981 recessions were followed by bursts of medium economic growth and high inflation, the outlook for the 1990s is for low growth and low inflation. This is squeezing consumers' discretionary spending and emphasising value.

That said, branded companies able to offer demonstrably superior products at modest premium prices should continue to thrive. The 5 per cent fall in Unilever's shares over the past two days is surely overdone. But such companies will have to overcome a wave of adverse sentiment before they can hope to reverse their recent share price weakness.

Tiphook

Tiphook's reputation for impenetrable accounting will only be enhanced by its latest changes. Since the bulk of its revenues are in dollars, the switch to dollar-based accounting is superficially reasonable. All the more so since most of its debt and almost 50 per cent of its shareholders are in the US. But blaming a £7.3m profits hit on these accounting changes is rich when most of the charges would have been incurred anyway. The £16m cost of unwinding its interest rate swaps position would have affected profits under its old policies. So, too, would the puny £10m of preference shares. Such irritations might have been overlooked had Tiphook's underlying business held much appeal. But with poor annual figures, a patchy trading outlook and escalating competition,

If Mr Cox's resignation has indeed arisen out of the decision to impose a more rational management structure, CSFB could emerge stronger from the upheaval. Having clung to the idea of regional units for so long, though, it has lost ground against the best of the competition. What the company really needs now is a focus on profitability rather than personalities.

UK inflation

If Tuesday's industrial production and yesterday's inflation figures had not arrived on government notepaper, the casual observer might have thought they related to Japan. The UK does seem to have survived the first wave of price pressure from devaluation, due to low wage inflation and a yawning gap in the productive potential of the UK economy. Manufacturers are even managing to restore margins despite subdued price rises. One area where this may not be true is food retailing, where costs are rising but retail prices are under pressure. Those fat margins built up in recession may soon start to slim.

BT3

Calculators will doubtless be working overtime in the investing institutions to gauge the retail demand for BT3. Since retail investors are said to have applied for at least 800m shares, against the 600m on offer, that implies the 1.4m or so applicants have applied for a minimum of 570 shares each. However, the public is unlikely to have applied for more than the 630 shares tendered for in BT2, since the first payment is much larger this time. All of which suggests that while the public has applied for more than 800m shares, the final total may not be much more than 900m.

The 600m share institutional offer closes tomorrow and there seem to be bids for around 1.2bn shares. Those tenders are clustering around a 10p premium to the price on BT2's fully paid shares, reflecting the time value of money. It would thus seem unlikely that the Treasury would increase the retail element to 900m and cut institutions back, since fund managers are paying a higher price, and small investors may also have bid for more shares than they expect to get. If these prove to be the final figures, the offer will count as a modest success. Whether the same can be said of the excessive hype and baffling advertising campaign is another matter.

Bavaria to sell off shareholdings

Continued from Page 1

The state's withdrawal from Bayernwerk in a phased process (its 58 per cent holding will be reduced to 50.1 per cent in the first stage) would suit the ambitions of Viag to consolidate its position and expand further in the highly profitable power business. Viag owns 39 per cent of the utility, which, in turn, has a 24.9 per cent stake in it.

Viag is known to have been

pressing for a restructuring. The conditions for absorbing Bayernwerk into a privately controlled concern were better than before. Mr Alfred Pfeiffer, Viag chairman, said yesterday.

Mr Georg von Waldenfels, the Bavarian finance minister, said the government might retain a stake of up to 40 per cent in the new business, a complete withdrawal was being considered in the medium term.

Mr Stoiber, who took over as

Bavarian premier last month, said that the privatisation process was not intended to finance the Bavarian state budget, but to provide long-term investment funds to attract and promote more high-technology investment in the state.

Apart from Bayernwerk and Deutsche Aerospace, Bavaria has a stake in Rhein-Main-Donau, which operates the canal linking Germany's two main rivers with the Danube.

Attali criticised over EBRD finance

Continued from Page 1

building contractor, Bovis, to control the construction project.

Also criticised are two other executives, Mr Pierre Fissaloux, who until recently held the posts of director of the cabinet and of the budget, though now is only cabinet director, and Mr Anders Ljungh, the bank's vice president in charge of finance.

Mr Fissaloux is accused of poor judgment in his management of the building project, allowing

overspending in certain areas. However, he is praised for the speed with which the project was finished. Mr Ljungh is accused of not keeping sufficient control of bank spending.

The banks' board of 23 directors, who represent the countries and agencies which own the bank, are also rebuked for approving and then increasing the budget for furnishing the office without receiving sufficient information on why more than \$50m was required.

In June, Mr Attali announced his intention to resign as president following disclosures that he had taken \$30,000 in fees for speaking at a conference and had also been reimbursed twice for a first class return flight to Japan.

He said at the time he would go when a permanent successor takes up office, which is unlikely until September. He was not at the bank yesterday. One bank executive said: "The audit report is so critical of him, I suspect he may decide to quit this week."

FT WORLD WEATHER

Europe today

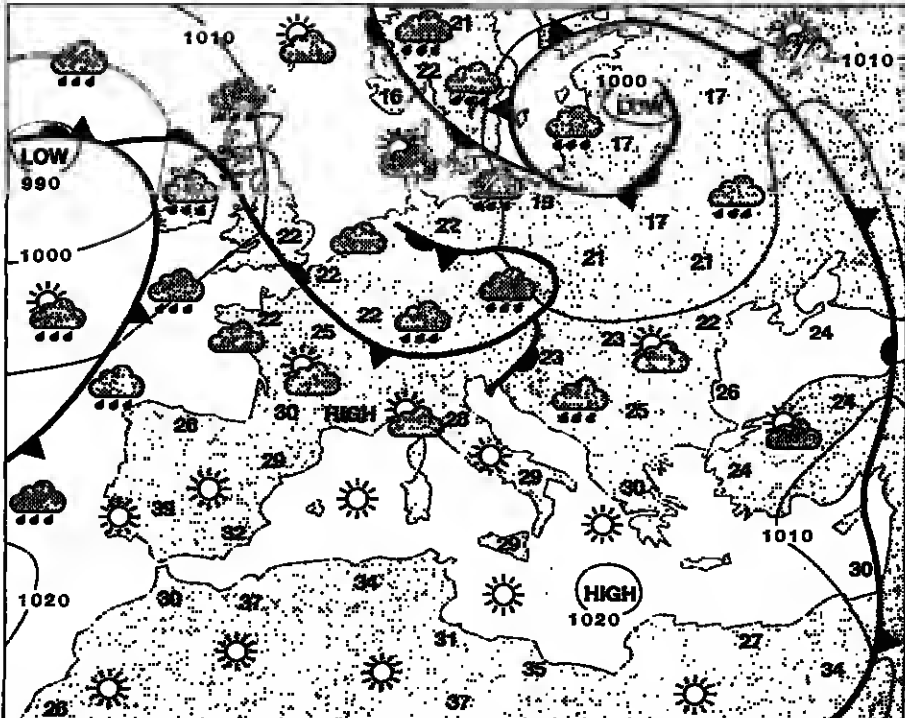
A disturbance over central Europe will bring overcast skies and rain to Germany, Poland, the Czech republic and the Alps. In spite of the rain, temperatures will rise above 20C this afternoon. Later, some rain will fall over Hungary and former Yugoslavia but elsewhere over the Balkans there will be sunny spells. A depression west of Ireland will bring rain to the British Isles. In the evening, the rain will reach Belgium, the Netherlands and north-west France. Southern France will have sunny spells with temperatures rising to 30C. Across southern Europe, it will be mainly sunny and in the interior of Spain temperatures will rise to 39C.

Five-day forecast

Depressions will continue to influence the British Isles. It will be rather rainy. Tomorrow, rain will fall over the Low Countries, Germany and the Alps. On Saturday the rain will move to eastern Europe. From Sunday thundershowers will develop over western and central Europe. Central Scandinavia will be mainly dry with some sunny spells until Monday. Elsewhere in Scandinavia, rain will fall at times. Southern Europe will be sunny and dry and afternoon temperatures will reach 30C.

TODAY'S TEMPERATURES

Moscow	sun	22	Chicago	fair	22	Faro	sun	30	Moscow	sun	29
Abu Dhabi	sun	40	Cologne	rain	22	Frankfurt	sun	24	Manila	sun	29
Accra	cloudy	28	Copenhagen	fair	20	Geneva	rain	21	Manchester	rain	18
Algiers	sun	34	Dakar	fair	20	Glasgow	rain	18	Medford	showers	12
Amsterdam	cloudy	22	Dallas	fair	30	Helsinki	rain	20	Mexico City	showers	22
Athens	sun	28	Darwin	fair	30	Hong Kong	thund	31	Miami	fair	32
Bangkok	rain	32	Dubai	thund	30	Honolulu	fair	31	Montreal	fair	24
Barcelona	sun	28	Dubai	thund	30	Ile of Man	rain	17	Moscow	rain	18
Belfast	cloudy	28	Dublin	sun	19	Isle of Man	rain	17	Munich	rain	17
Birmingham	sun	28	Dunedin	sun	19	Jersey	cloudy	17	Nairobi	cloudy	24
Bombay	rain	26	Edinburgh	rain	15	Karachi	cloudy	34	Naples	sun	28
Buenos Aires	showers	11									



Forecasts by Meteo Consult of the Netherlands

Chicago	fair	27	Paris	sun	30	Manjara	sun	23	Rangoon	cloudy	19
Cologne	rain	23	Frankfurt	rain	24	Malta	sun	29	Rajkavik	cloudy	28
Copenhagen	fair	20	Geneva	rain	26	Manchester	rain	18	Riyadh	sun	42
Dallas	rain	26	Osageo	rain	21	Manila	thund	33	Rome	fair	22
Dakar	rain	29	Hamburg	rain	21	Malibne	showers	12	Sao Paulo	sun	20
Dallas	fair	36	Helsinki	rain	20	Medco City	showers	22	Seoul	thund	28
Darwin	fair	30	Hong Kong	thund	31	Miami	rain	33	Singapore	rain	26
Detroit	thund	36	Honolulu	rain	21	Militer	showers	28	Singapore	rain	26
Dubai	sun	39	Isle of Man	rain	17	Montreal	fair	26	Strasbourg	rain	24
Dublin	rain	19	Istanbul	cloud	24	Moscow	rain	18	Sydney	fair	15
Dubrovnik	rain	26	Jersey	cloud	17	Madrid	rain	21	Taiwan	sun	24
Edinburgh	rain	18	Karachi	cloudy	34	Nairobi	cloudy	21	Tel Aviv	sun	24
			Kuwait	sun	15	Naples	sun	28	Toronto	fair	23
			La Paz	sun	15	Nice	showers	31	Union	sun	34
			Las Palmas	fair	12	New York	showers	31	Vancouver	rain	24
			Lisbon	sun	32	Nice	fair	25	Tunis	rain	25
Europe			London	cloudy	22	Nicosia	rain	23	Vienna	rain	22
			Los Angeles	hazy	23	Oslo	rain	23	Warsaw	rain	22
			Luxembourg	rain	22	Paris	cloudy	25	Washington	showers	32
			Lyon	rain	22	Perth	showers	19	Wellington	cloudy	8
			Madras	sun	25	Praga	rain	21	Winnipeg	showers	29
			Madrid	sun	25	Rio de Janeiro	rain	20			

Frankfurt.
Your hub in the heart of Europe
Lufthansa
German Airlines

ROLLS-ROYCE

£120 MILLION INDONESIAN ORDERS

Rolls-Royce has announced two significant engine orders from Indonesia, worth £120 million. Airlines Sempati Air and Pelita Air Service are the first customers for the new Fokker 70 regional airliner, whose engine is the Rolls-Royce Tay 620. And the Indonesian government has ordered another two dozen Hawk trainer/combat aircraft, which will be powered by the latest variant of the Rolls-Royce Turbomeca Adour. Deliveries of both engines will begin in 1995 from the company's Bristol and Derby factories.

ON TRACK FOR ANKARA AND TORONTO

A company in the Rolls-Royce Industrial Power Group has won two important contracts to supply electrical equipment for rapid transit systems. The cities of Ankara and Toronto have chosen the static converters manufactured by NEI Control Systems for their new rolling stock. The order follows on the heels of similar ones for the Montreal Metro, British Rail and the London Underground. The contracts, together worth £9 million, are to supply, and to provide local service support for, equipment which helps generate on-board electricity supplies for services such as air conditioning and lighting.



THE SYMBOL OF POWER

ROLLS-ROYCE plc, 65 BUCKINGHAM GATE, LONDON SW1E 6AT.

هذه امه ليد

INSIDE

Efim defence transfer agreed

The reorganisation of the companies in Italy's troubled defence sector was brought a step closer when the government allowed the defence companies in the portfolio of Efim to be taken over without payment by Finmeccanica. Page 14

Storehouse chairman hits out

Mr Ian Hay Davidson, chairman of Storehouse, strongly criticised the resignation by Mr David Dworkin, former chief executive, only six months into the job and only weeks after receiving a bonus of £2.71m (\$4m). Page 18

BT share offer closes

Retail investors have applied for more than 800m shares in the government's sale of its 21.9 per cent holding in British Telecommunications. Institutions bid for more than 1.2bn shares. Page 14

Marion Merrell Dow restructures

The pharmaceutical group Marion Merrell Dow, which is 70 per cent owned by Dow, the US chemicals company, announced plans to reduce costs by about \$250m a year. Page 15

Charles Schwab growth slows

The largest discount brokerage house in the US reported in second-quarter profits up at \$31.6m, (\$21.3m) from \$18.5m last year. But like other securities houses, Schwab's profits in the second quarter were slightly lower than in the first, when the firm earned a record \$35.4m. Page 15

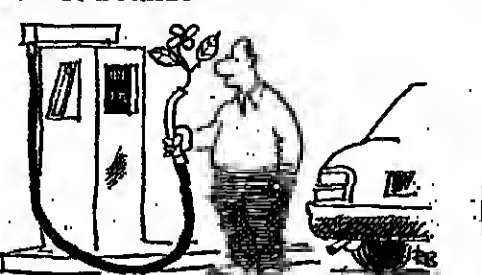
Genentech rises to \$10.4m

The US biotechnology company Genentech, which is 60 per cent owned by Roche of Switzerland, reported net income of \$10.4m (\$7m) for the second quarter, up from \$3.4m a year earlier. Page 25

Broken Dream

Dream, a Japanese civil engineering company turned pinball parlour operator and stock speculator, has filed for bankruptcy protection, with about \$50bn (\$309m) (\$462m) in outstanding debts. Page 16

Full of beans?



A "green petrol" is becoming more available to the French motorist as Elf-Aquitaine is marketing its ETBE mix of petrol from marked pumps. ETBE is a mixture of ethanol (made from sugar beet or cereals) and isobutane, an industrial product. Last year Nigel Mansell won the Portuguese Grand Prix in a car running on a mix of petrol and ETBE. Page 28

Turkey emerges with strength

Performance in European and Middle Eastern emerging markets edged ahead of Latin America last month. Most of the gain in that area can be attributed to Turkey's rally since January; the market remains more than 100 per cent up on the year. Page 35 Back Page

Market Statistics

Base lending rates	28	London share service	21-23
Benchmark Govt bonds	17	Life equity options	17
FT-A indices	21	London trade, options	17
FT-A world indices	21	Managed fund service	24-26
FT food interest indices	17	Money markets	28
FT commodities	28	New Int. bond issues	17
Financial futures	28	World commodity prices	20
Foreign exchanges	28	World stock mkt indices	28
London recent issues	17	UK dividends announced	18

Companies in this issue

Alcan	16	Kirin Brewery	4
AlliedSignal	15	Lion Nathan	18
BWD Securities	18	M&G Dual Trust	18
Banque	15	Martin Merrell Dow	15
Banque	14	Nobo	18
Bogod	18	North Housing Asset	18
British Telecom	14	Pact Petroleum	18
Bulmer (H)	18	Procter & Gamble	18
Carib	15	Reichmann	3
Charles Schwab	15	Royal Trustco	15
Ciga	14	Rubenstein	15
Dell Computer	18	SA Brewing	18
Dream	16	SFC Int'l	18
Edinburgh Oil & Gas	18	Scantronix	18
Elm	14	Seagram	15
Federal Express	15	Simon Engineering	8
First Chicago	15	Soros Realty	18
GIM	18	Stanley Leisure	18
Genetech	15	Storehouse	18
Genetech	15	Telametric	18
Graystone	18	Thyssen Industrie	14
Hilton	18	Tiphook	18
International Paper	18	Varity	15
Johnson Matthey	18	Widney	18

Chief price changes yesterday

FRANKFURT (DM)			
Riese	680	+ 19	
Adia	384.5	+ 11.5	
SEB	573	+ 17	
Roche	212	+ 5.2	
PARIS (FF)			
Roche	558.2	+ 5.5	
Roche	425	+ 15	
NEW YORK (US)			
Riese	248	+ 10.4	
US	324	+ 5.4	
Procter & Gamble	324	+ 14	

Paris closed, New York prices at 12:30.

LONDON (Pence)			
Riese	274	+ 29	
Adia	52	+ 9	
John Pet	418	+ 13	
Bulmer (H)	102	+ 8	
British Telecom	37	+ 5	
Carib	336	+ 138	
Land	314	+ 15	
Martin Agency	172	+ 12	
Roche	285	+ 16	
Scantronix	88	+ 4	
Simon Eng	44	+ 4	
Stanley Leisure	627	+ 23	
BUL			
Bul (H)	58	- 5	
Roche	350	- 11	
Scantronix	52	- 4	
Bul Data Mgmt	254	- 11	
Coast	191	- 10	
Court Davenport	198	- 9	
Exponent Int	454	- 13	
Gulmex	442	- 18	
Paycom	51	- 4	
Sydney Bank	51	- 4	
Tiphook	259	- 27	
Unilever	953	- 24	

P&G to unveil cost-cut package

By Martin Dickson in New York

PROCTER & GAMBLE, the US consumer products giant, is expected to unveil a wide-ranging cost reduction programme, probably including substantial job cuts, at a rare meeting today with Wall Street analysts.

The meeting comes two days after P&G, which faces increasingly strong competition from cut-price labels, announced plans to slash the price of its liquid laundry detergents in the US market.

That move is expected to hurt not only the manufacturers of cheaper products but also Anglo-Dutch Unilever, P&G's main US rival in branded detergents. Unilever's shares fell 24p to 589p on

the London Stock Exchange yesterday.

The analysts' meeting at the company's headquarters in Cincinnati, Ohio, will be the first held by Mr Edwin Artzt, P&G's chairman, since May 1990.

P&G, an unusually secretive company, is expected to spell out how it intends to reach its previously announced goal of cutting overheads as a percentage of net sales from 14.5 per cent to 12 per cent over the next three years.

Some analysts have speculated that this could involve the loss of 10,000 of the group's 102,000 jobs around the world. However, the overwhelming majority of any reductions is expected to be voluntary, through early retirement and similar programmes.

P&G needs to prune costs to complement the price cuts it has been making to maintain market share in the face of competition from discounted brands.

It has revamped its US marketing strategy, introducing a policy of "value pricing". This involves cutting down on short-term, deep-discount promotional deals, which periodically slash the cost of products to the retailer, and replacing them with a system of more consistent lower prices.

However, the change has stirred up opposition among less efficient retailers, who have relied on deep-discount promotions for a substantial part of their profits.

Tuesday's detergent price cuts stem from this marketing battle.

P&G is cutting the price of its Tide and Cheer liquid detergents by 15 per cent from August 2, with lesser reductions on other detergents, dishwashing liquid and fabric softener.

The company indicated that the move was aimed at narrowing the gap between its products and cheaper brands, but analysts said it appeared as much to be a strike against Unilever, which has just introduced to the US market super-concentrated versions of its liquid detergents.

"There is no better time for price cuts than in a competitor's new product launch," said Mr Gabriel Lowy, of securities firm Oppenheimer & Co.

He also thought P&G might be venting its anger at Unilever for

trying to undercut its value pricing strategy by offering special promotions to weaker retailers.

Today's analysts' meeting will be followed by an even rarer briefing for the business press. The company denied there was any connection between this somewhat greater openness and the publication in September of a book whose advance publicity promises it will be an "explosive expose of the cut-throat nature" of P&G.

It has been written by Ms Alicia Swasy, a Wall Street Journal reporter who had a brush with P&G two years ago when the company got the Cincinnati police to track phone calls to the journalist's home and office. Lex, Page 12

Secrecy planned for share trades

By Richard Waters

THE largest trades conducted on the London stock market will not have to be made public until up to a week after they have taken place, if a proposal to be put to the Stock Exchange's board today is adopted.

If approved, the change could boost the profits of London securities firms, which claim current regulations expose them to losses.

The move would be a reduction in the level of transparency on the London market, which already requires less disclosure of trade information than other international markets.

The relaxation would apply only to the very highest trades, in which a marketmaker buys or sells a large block of shares. The delay in publication would give marketmakers longer to lay off their risks before competitors were alerted to their positions.

The rule change would apply only to trades which are at least 75 times bigger than the average trade in a company's shares (known as the "normal market size"). Details would have to be published only after the marketmaker had laid off at least 90 per cent of its own risk, though publication of all trades would be obligatory after a week.

The proposal is the latest step in a five-year battle between UK marketmakers and regulators over trade publication. Securities houses have argued that London's marketmaking system, unlike the auction systems in most other large stock markets, will only operate with a degree of secrecy.

The rule change is understood to have been approved by the Securities and Investments Board, the Department of Trade and Industry and a number of City trade groups, including that representing small brokers.

The London International Financial Futures Exchange is believed to have resisted the change, arguing that reducing the level of transparency would harm trading in the FTSE-100 futures contract.

Under the proposed rule change, it would be left to each securities house to decide for itself, with the use of internal compliance officers, when 90 per cent of its risk had been laid off.

Regulators hope that the concession to the marketmakers, though reducing disclosure of block trades, will lead to greater disclosure of other routine transactions.

Dell warns of loss and revises lending

By Louise Kehoe in San Francisco

DELL Computer's share price fell sharply yesterday when the US personal computer manufacturer warned of a second-quarter loss after writedowns and restructuring charges.

Dell said the losses would be between \$1.65 and \$1.85 per share and pre-tax charges would amount to \$75m to \$86m for the quarter to August 1.

The projected loss might place the company in default of the terms of its credit facilities, it said. It was working with its lenders to revise the terms. "I am confident that we will be able to secure alternative financing or obtain a waiver," said Mr Thomas Meredith, chief financial officer.

A long-time favourite among Wall Street investors, Dell has become the fifth largest PC company in the world by pioneering direct marketing of PCs through mail and telephone sales. Its sales tripled to \$2bn in the past two years.

Yesterday, however, Dell's share price dropped to \$13.3, a 24-year low, before regaining some ground to trade at \$16.4 at midday, down \$3 from Tuesday's close and 67 per cent below its high of \$48.7 in January.

Dell expected to report second-quarter revenues of \$710m to \$730m, a 55-60 per cent advance on the corresponding period. Total revenues for fiscal 1993 would be about \$3bn.

"Hypergrowth" was at the root of its problems, it said. Management controls had not kept pace with the rapid expansion of sales.

According to analysts, it also faces "credibility problems". In May, Dell reported a sharp drop in first-quarter earnings, which it blamed on delays and cancellations of notebook computer products.

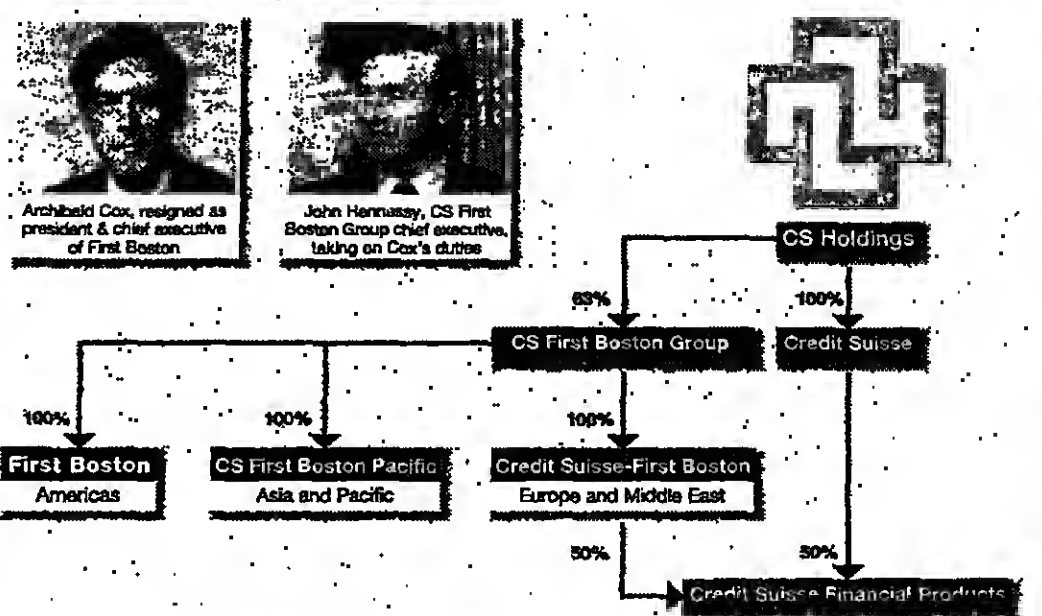
Analysts then expressed concern that Dell's problems appeared to go beyond notebook computers. Yesterday, their fears were confirmed.

Dell said that in addition to costs associated with the delayed and cancelled notebook products, it would incur restructuring charges.

It expected to resume earnings growth by the fourth quarter of the fiscal year. "While the loss is certainly disappointing, we are determined to take the steps necessary to strengthen Dell for the future," said Mr Michael Dell, chairman and chief executive.

Richard Waters and Patrick Harverson on a case of banking turmoil
CSFB struggles to tame its personalities

The worldwide company network



the securities industry has seen, CS First Boston's earnings have proved disappointing. Last year, the group reported net income of \$175m, down 19 per cent from the \$215m earned in 1991.

In the US markets, First Boston has been struggling to stem a decline in its share of the profitable securities underwriting business. Although First Boston's share of all corporate debt and equity underwritten in the US held steady at 9.6 per cent in the first half of this year, its share of investment grade bond issues - a traditional strength at the firm - fell from 9.2 per cent to 8 per cent, dropping the firm one place to sixth in the league table of Wall Street underwriters.

The group has also been hampered by a poorly performing European operation. Analysis in London have estimated that earnings from CSFB's UK unit fell 20 per cent last year to a meagre \$30m. The high cost of its move to new offices and heavy investment in developing business in Eastern Europe, together with a poor trading performance in the last part of 1992, accounted for the decline.

London's decline led bonuses in New York to be pared back, prompting dissatisfaction there and a number of senior defections among traders. This mirrored a similar wave of dissatisfaction that swept through London three years ago, when poor results in New York meant that London-based executives were unable to reap the rewards of a bumper year.

The shake-up at the top is far from over. CS First Boston's new crop of senior managers are as powerful as their predecessors, and it is as yet unclear which of them will rise to the top. The ambitious Mr Mulford was seen within the firm as a pretender to the top investment banking job even before Mr Cox's departure.

Mr Wheat, meanwhile, has created the group's biggest profit earner in its derivatives unit, Credit Suisse Financial Products, and brushed off any suggestions that he was about to be sidelined

by Mr Mulford's arrival.

The question now is who will replace Mr Cox in the powerful New York job. According to one observer, Mr Hennessy is a "hard-driving taskmaster" who is not easy to work with. It may be that someone other than him will be needed to run the US operation, possibly an outsider who does not have "any IOUs at the firm". The appointment will be the most important yet in what has already been a year of big change. Lex, Page 12

Tiphook falls into loss after change to US-style accounting

By Andrew Bolger in London

SHARES in Tiphook fell by 27p to 289p after the UK transport rental company announced a change in accounting policy which wiped out its profits.

Mr Robert Montague, chairman, said accounting policy was being changed to reflect the increasing number of US shareholders.

The proportion of the group's equity held as American Depository Receipts has risen from 2 per cent in 1991 to just over 50 per cent. About 65 per cent of the group's £1.16bn (\$1.74bn) borrowings are in the US.

Annual profits before tax and various charges fell from £86.4m to £55.5m, in line with analysts' reduced expectations. However, Tiphook said that from now it would report in dollars and the

results would more closely reflect US accounting conventions.

The group said applying the new accountancy policy led to predominantly one-off charges of £77.3m, giving a pre-tax loss of £21.8m in the year to April 30. Turnover increased marginally from £322m to £324m.

One analyst said the changes "just muddy the waters further". The drop in the proportion of UK shareholders - from 60 per cent to less than 30 per cent of the equity - reflects the disgruntlement of UK institutional investors, who have seen the group's share price halved in less than two years.

Some shareholders have pressed for more non-executive directors and expressed concern over the high remuneration enjoyed by executives. Mr Mon-

tague said there were no plans to change the board. Tiphook would remain domiciled in the UK.

He added that US investors seemed more comfortable with leasing companies such as Tiphook, which although heavily geared were strongly cash-generative. Operating cashflow in the year had been £163.9m, down 13 per cent.

Tiphook said its biggest business, containers, had shown resilience to the recession. Utilisation had averaged 82 per cent, compared with 88 per cent, but average rental rates fell by less than 2 per cent.

Under the new standard, there was a loss per share of 41.2p, compared with earnings of 46.3p. A final dividend of 14.4p gives a total of 21.2p, against 19p. Lex, Page 12

The Sanwa Bank, Limited
London Branch

Change of Address

From Monday, 19th July, 1993, our London branch will be located at:

City Place House
PO Box 36
55 Basinghall Street
London EC2V 5DL

Main Telephone: 071 330 5000
Main Facsimile: 071 330 5555
Telex No: 888350 (unchanged)
Swift Address: SANWGB2L

Sanwa Financial Products (UK) Co. Ltd.

will also be located at the above address from the same date

Main Telephone: 071 330 5940
Main Facsimile: 071 330 5945

INTERNATIONAL COMPANIES AND FINANCE

Retail investors apply for 800m BT shares

By Roland Rudd in London

RETAIL investors have applied for more than 800m shares in the UK government's sale of its 21.9 per cent holding in British Telecommunications, compared with institutional applications for more than 1.3bn shares.

The government has earmarked 50 per cent of the 1.2bn new BT shares to offer for UK investors but has retained the right to raise this figure to 67 per cent.

After yesterday's close of the UK public offer, telecommunications analysts said the Treasury was less likely to claw back more shares from the institutional offer.

The government will raise more money from the 50bn (£7.6bn) sale, it gives institutions, which are paying more for the shares, half of the total allocation.

The final decision on allocation will not be taken until tomorrow morning.

As the UK public offer closed, the Share Information Office and larger share shops reported that around 1.4m applications had been received although this figure could rise after the final count.

More than half of BT shareholders and employees have applied for shares, compared with 15 per cent in the last sale of BT shares held by the government in 1991.

Retail investors have on average applied for 600 shares at a total cost of £900. The first instalment for small shareholders is 150p, compared with 160p for institutions.

The international offer remains open until 4pm tomorrow.

The government will over the weekend announce the price of the third instalment in the partly-paid issue. Institutions have been pitched

ing for allocations at 10p above the market price.

S.G. Warburg, the government's global co-ordinator, may buy back the partly-paid shares after they start trading on Monday. This is part of its stabilisation programme devised to create an orderly after-market.

Some telecommunications analysts expect the price of the partly-paid shares to rise after trading and then fall slightly as an artificial market has been created in existing BT shares in the run-up to the sale.

S.G. Warburg has warned institutions not to dump their existing shares before the sale in the hope of buying them back cheaply.

Analysts say that the lower than usual volume of share trading before the sale is evidence that the share price is artificially high. *Lex, Page 12*

Rights issue by Banesto in strong demand

By Tom Burns in Madrid

BANESTO, the Spanish commercial bank, yesterday claimed strong demand for its 3-for-1 rights issue, designed to improve the institution's weak capital base by raising some Ptas2.6bn (\$385m).

Mr Mario Conde, chairman, said 25 per cent of the rights had been subscribed within the first five days of trading. The issue is the first stage of a three-part plan to increase the bank's capital, and the response means J.P. Morgan's \$1bn Corsair fund, which has committed \$200m to Banesto, may reserve its investment for the second tranche.

In the second stage, Banesto will place 22.2m shares with investors, including the US institutions grouped in the Corsair fund and Mr Conde. Banesto shares are trading at slightly over Ptas2,000 each. The new shares in the rights issue are priced at Ptas1,500 and the shares in the placement at Ptas1,900.

Mr Conde said fee commissions had realised Ptas10.6bn in the second quarter of 1993, up 11.5 per cent on the first quarter and 21 per cent on the last quarter of 1992.

Average monthly borrowing on the interbank market had been reduced from Ptas587.9bn in May to Ptas236.6bn last month, Mr Conde said. Bad debts totalled Ptas13.7bn in the second quarter, against Ptas19.5bn in the first quarter, and provisions now cover 56 per cent of bad debts against 48.5 per cent at end-1992.

He said Ptas13.3bn had been set aside for bad debts in the second quarter following a Ptas10.7bn allocation in the first three months. Total provisions in the first six months of this year are already up on last year's total of Ptas24.7bn.

The third tranche of the capital raising effort will be a \$400m convertible bond with a coupon of between 6 per cent and 7 per cent. A final decision on the timing will be taken after subscription of the rights issue and the share placement ends in the first week of August.

Finmeccanica to take over seven companies in reorganisation

By Robert Graham in Rome

THE reorganisation of the companies in Italy's troubled defence sector was brought a step closer yesterday.

The government has allowed the defence companies in the portfolio of Efim, the state industrial holding placed in liquidation a year ago, to be taken over without payment by Finmeccanica, the main industrial and high-technology arm of IRI, the state holding company.

Efim possesses seven main defence groups employing 11,400 people with turnover of L2,268bn (\$1.4bn).

However, the holding company's defence portfolio has been dogged by heavy losses, notably in Augusta, the helicopter producer which last year

reported losses of L858m. The principal problem has been to find a formula which would guarantee the survival of these companies, at least those with recognised leadership in technology, and to keep sufficient control within Italian hands.

Since January, Finmeccanica has been managing the Efim defence companies on a temporary six-month contract.

Finmeccanica said that it was only willing to take over the Efim defence companies if their balance sheets were thoroughly examined and the government agreed to outline a clear programme of defence needs and procurement plans.

Only on this basis, Finmeccanica argued, could the companies be absorbed and rationalised, fitting into its

own defence interests grouped around Alenia, the aerospace group. Otherwise, Finmeccanica said it could only undertake to run the companies as an operator without financial responsibility - at least so long as they were loss-making.

The government failed to come up with a defence procurement programme by June 30, and a decision was delayed for a further 15 days.

Yesterday's move appeared a hurried attempt to put in place the outlines for what will be a more timely process of guaranteeing work in the framework of a defence procurement programme.

With Alenia concentrating on aerospace business, radar and electronics, the Efim companies could provide a useful complement, embracing arma-

ments, helicopters and transportation.

However, at least 3,000 of the existing Efim jobs will have to be lost.

In a separate development, representatives of foreign banks, owed L4,400bn (\$3bn) as a result of Efim being put into liquidation and payments being frozen, yesterday met Treasury officials in Rome.

They are understood to have pressed the Treasury to urge Brussels to lift its veto.

Imposed more than three months ago, on about L7,000bn of funds earmarked by the Italian government for Efim creditors and suppliers.

Of the L9,000bn agreed by the government to fund the liquidation and cover outstanding Efim debts, L3,000bn has been agreed by Brussels.

Thyssen Industrie divisions see return to black in next two years

THYSEN Industrie, the capital goods division of Thyssen, hopes to bring all of its divisions back into the black in the next two years, according to Mr Eckhard Rohkamm, management board chairman, Reuter reports from Essen.

Mr Rohkamm said that if all divisions were able to remain profitable under difficult economic conditions, the company would be able to boost lift its sales to earnings ratio.

"Thyssen Industrie as a whole is still profitable and will remain so to the end of the year. But unfortunately we have some areas that are making losses," Mr Rohkamm said.

He declined to say which companies would post a loss in the current year but said automotive supply and engineering were hit hardest by the slump in car and steel industries.

"When a big customer such as the car industry and a second large customer such as the steel industry are having massive problems... then, of course, areas that are dependent on steel and cars are massively affected," he said.

He said there were no signs yet of a recovery of group plant and equipment orders.

Orders on hand were about DM9bn (\$5.6bn) but group incoming orders would be

down 10 per cent from DM8.4bn a year earlier.

Thyssen Maschinenbau, the engineering division, was up to 90 per cent dependent on orders from the car industry, he said. The automotive industry accounted for 28 per cent of Thyssen Industrie's total sales.

While continental European carmakers were gripped by recession, Thyssen Industrie operations in the US and UK had benefited from rising car sales. Tallent Engineering, its UK unit, was working at high capacity and showing a very satisfactory development, he said.

BPI makes defensive stock sale

By Peter Wise in Lisbon

BANCO Portugues de Investimento (BPI) has reinforced its central core of shareholders by selling 7 per cent of its Treasury stock to Itauna, the Brazilian group.

The sale is seen as a defensive move against Banco Santander of Spain, which has been buying BPI shares for the past three months. Santander, with its partner, the Royal Bank of Scotland, bought out Portugal's Banco Comercio e Industria three years ago.

BPI is using the Itauna group as a white knight. As part of the deal, BPI purchased the Brazilian group's 12 per cent holding in another Portuguese bank, Banco Finssecas e Burnay (BFB) for \$5.1bn (\$44m) and at the same time sold the Brazilians 7 per cent of its own Treasury stock to strengthen its position against Santander's approach.

The company has a widely dispersed spread of shares among many relatively small shareholders. But there is a core of investors who have signed a pact to sell to each other if they plan to quit the bank.

Court puts off decision on Ciga

By Heig Simonian in Milan

A MILAN court yesterday postponed for the second time a decision on the future of the controlling stake in the Ciga luxury hotels chain, held by Fimpar, the holding company controlled by the Aga Khan.

The postponement means trading in Ciga and Fimpar shares, suspended seven weeks

ago, is unlikely to resume soon. The court put off a decision until October 5.

The stake has been frozen since a German arm of the IMI financial services group, which led a \$100m credit to Fimpar, sought court approval for a freeze on Fimpar's assets. The credit, which matured earlier this year, has not been repaid, nor has it been renewed.

The court's decision to freeze Fimpar's assets pending a decision on the legality of IMI's claim prompted the suspension of trading in Fimpar and Ciga shares. IMI turned to the courts in an indirect attempt to gain representation for Fimpar's foreign bank creditors in the restructuring plan for Ciga being prepared by Mediobanca, the Milan merchant bank.

BROWN BROTHERS HARRIMAN & Co. PRIVATE BANKERS



Business Established 1818

NEW YORK BOSTON PHILADELPHIA CHICAGO LOS ANGELES
DALLAS HOUSTON NAPLES PALM BEACH
LONDON LUXEMBOURG PARIS ZURICH
TOKYO HONG KONG GRAND CAYMAN

STATEMENT OF CONDITION, JUNE 30, 1993

ASSETS	
Cash and Due from Banks	\$194,774,322
U.S. Government Securities	
Direct and Guaranteed	153,101,185
State and Municipal Securities	54,354,308
Federal Funds Sold and Securities Purchased	
Under Agreement to Resell	193,600,000
Loans and Discounts	894,671,934
Customers' Liability on Acceptances	37,439,199
Interest and Other Receivables	31,884,157
Premises and Equipment, net	48,839,391
Other Assets	14,581,344
	\$1,423,445,840
LIABILITIES	
Deposits	\$1,210,595,718
Federal Funds Purchased and Securities	
Sold Under Agreement to Repurchase	16,515,000
Acceptances, Less Amount in Portfolio	37,439,199
Accrued Expenses	20,154,189
Other Liabilities	7,741,734
Capital	\$45,000,000
Surplus	88,000,000
	\$1,423,445,840

PARTNERS

J. Eugene Banks
Peter B. Bartlett
Brian A. Berns
Walter H. Brown
Granger Coskyn
Douglas A. Donahue, Jr.
William R. Driver, Jr.
Anthony T. Enders
Alexander T. Ecklentz
T. M. Farley
Elbridge T. Gerry

Elbridge T. Gerry, Jr.
John C. Hanson
Kiyosuke Hashimoto
Noah T. Harnden
Landon Hillard
Frank W. Hoch
R. L. Ireland III
Michael Kraynak, Jr.
T. Michael Long
Michael W. McConnell
William H. Moore III

Donald B. Murphy
John A. Nielsen
Eugene C. Platts
William F. Ray
L. Parks Shopley
Stokely P. Towles
Lawrence C. Tucker
Maarten van Hangel
Douglas C. Walker
Laurence F. Whittemore
Richard H. Witmer, Jr.

LIMITED PARTNERS

Ferdinand Coloredo-Mansfeld
Gerry Brothers & Co.
Kata Ireland
Robert E. Hunter, Jr.
John O. Macomber

COMPLETE BANKING FACILITIES AND INVESTMENT SERVICES

Deposit Accounts • Commercial Loans and Discounts
Commercial Letters of Credit and Acceptances • Foreign Exchange
Domestic and International Corporate Financial Counseling
Mergers and Acquisitions Services
Global Custody of Securities
Domestic and International Investment Advisory Services
Institutional Investment Services
Personal Financial Services
Brokers for Purchase and Sale of Securities
Members of Principal Stock Exchanges

Fiduciary services are provided through Brown Brothers Harriman Trust Company, New York, Brown Brothers Harriman Trust Company of Florida, Naples and Palm Beach, Brown Brothers Harriman Trust Company of Texas, Dallas, and Brown Brothers Harriman Trust Company (Cayman) Limited.

Licensed as Private Bankers and subject to examination and regulation by the Superintendent of Banks of the State of New York, and by the Commissioner of Banks of the Commonwealth of Massachusetts. The facilities of the Chicago, Los Angeles, Dallas, Houston, Naples and Palm Beach offices are limited to investment management, brokerage and financial advisory services. The facilities of the Tokyo office and the Paris and Zurich subsidiaries are limited to arranging brokerage and financial advisory services. Brown Brothers Harriman Limited, London provides financial advisory and brokerage services and is a member of The Securities and Futures Authority Limited (SFA). Brown Brothers Harriman Investment Management Limited, London provides investment management services and is a member of the Investment Management Regulatory Organisation Limited (IMRO).

The Korea 1990 Trust International Depositary Receipts

NOTICE IS HEREBY GIVEN TO UNHOLDERS that The Korea 1990 Trust, managed by Citizens Investment Trust Management Co., Ltd., has declared a dividend in the Republic of Korea amounting to Won 30,000 per Certificate in respect of 1,000 units, payable on or after August 3, 1993. Payment of Coupon No 4 of the International Depositary Receipts, will be made on or after August 3, 1993 against presentation of the Coupons to the Depositary or to one of the Depositary Agents listed below (in the case of Holders of bearer IDRs), or (in the case of Holders of registered IDRs) to Holders that the Depositary is satisfied were on the Register on the Record Date - June 30, 1993.

DEPOSITARY
Citizens Investment Bank Luxembourg S.A.
5 Rue Pictet, L2336 Luxembourg

DEPOSITARY AGENTS
The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London EC2P 2HD
Corporate Trust Administration, 4 Chase Maritime Center,
3rd Floor, Brooklyn, New York 11245, U.S.A.
Chase Manhattan Bank (Switzerland)
63 Rue de Rohan, CH-1204 Geneva, Switzerland

The amount of dollars payable in respect of Coupons presented to an Agent of the Depositary by the Close of Business on July 28, 1993 and Holders on the Register on the Record Date shall be the net proceeds of the sale of the amount of Won for US dollars at the prevailing telegraphic transfer selling rate of US dollars for Won as quoted by a foreign exchange bank in Korea on the day on which the relevant transfer is made.

The dividend proceeds will be distributed to IDR holders in proportion to their respective entitlement and after the deduction of all taxes and fees, charges, duties and expenses of the Depositary.

All Certificate holders are required to submit the name and address of a bank in New York and a US dollar account number for payment, or an address for which payment should be sent by US dollar cheque.

All holders residing in a country having a double taxation treaty with the Republic of Korea may obtain payment at a lower rate of the Korean non-resident withholding tax, on condition they furnish to either the Depositary or through one of the designated Depositary Agents, a certificate showing their residence, together with a copy of the Certificate of Incorporation, or for individuals, a copy of their passport. These documents are required by the Korean National Tax Administration Office as evidence of residence.

UNIT holders of the Depositary Receipts shall not be entitled to any dividend or interest payable on the Units until the dividend or interest has been received by the Depositary or a Depositary Agent by July 28, 1993.

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

Chase Manhattan Bank Luxembourg S.A.
as Depositary

This announcement appears as a matter of record only.

May 1993

PANAFON

GSM CELLULAR TELEPHONE OPERATOR IN GREECE

Greek Drachmae 14,000,000,000

Syndicated Guarantee Facility and Short Term Loan

Guarantee Facility Lead managed by

ING Bank

Bayerische Vereinsbank

Aktiengesellschaft

and with the participation of

National Westminster Bank Plc

National Bank of Greece S.A.

Banque Nationale de Grèce (France)

ABN AMRO Bank

Funds Provided by

London Forfeiting Company Plc

Arranger to Facility and loan

Banque Nationale de Grèce (France)

£100,000,000

BRADFORD & BINGLEY

Floating Rate Notes Due 1998

Interest Period 12th July 1993

Interest Amount per £100,000 Note due 12th October 1993 £164.28

Credit Rating First Notched Limited Aaaa

"COMPAGNIE DE SAINT-GOBAIN"

"une of three participations"

The THOS used for the calculation of the coupon payable on August 10, 1993 is 5.50%

After approval of the 1992 financial statements by the General Meeting of Shareholders, the net consolidated profit (loss) of the Group is £1,277,000,000.

On the basis of these figures the coupon payable on August 10, 1993 will show a coupon interest rate of 5.21% (i.e. 5.50% annualized).

Therefore the coupon payable on August 10, 1993 will be £CU 48.25 per three participations of £CU 1,000.

Chrysler Financial Corporation

US \$150,000,000 Floating Rate Notes due 1994

For the period from July 15, 1993 to October 15, 1993 the Notes will carry an interest rate of 3.9475% per annum with an interest amount of US \$42.92 per US \$50,000 Note and of US \$48.24 per US \$60,000 Note.

The relevant interest payment date will be October 15, 1993.

Agent Bank

Banque Paribas Luxembourg

Société Anonyme

Banco de la Provincia de Buenos Aires

Grand Corporate Bank

US\$46,700,000

Par floating rate notes due 2009

US\$42,150,000

Discount floating rate notes due 2003

For the period 15 July 1993 to 18 January 1994 the notes will bear interest as follows:

Par Notes 2.625% per annum.

Interest payable on 18 January 1994 will amount to:

US\$68.18 per US\$5,000 note

US\$136.35 per US\$10,000 note

US\$1,363.54 per US\$100,000 note

Discount Notes 4.375% per annum.

Interest payable on 18 January 1994 will amount to:

US\$113.63 per US\$5,000 note

US\$227.26 per US\$10,000 note

US\$2,272.57 per US\$100,000 note

Agent: Morgan Guaranty Trust Company

JPMorgan

INTERNATIONAL COMPANIES AND FINANCE

Marion Merrell Dow restructures

By Paul Abrahams

MARION Merrell Dow, the pharmaceutical group 70 per cent owned by Dow, the large US chemicals company, yesterday announced a sweeping package of measures to reduce costs by about \$250m a year.

The restructuring, including a 13 per cent cut in staff, rationalisation of research and development, and other cost-cutting measures, will lead to a special pre-tax charge of about \$180m. Most of the \$250m savings should be achieved this year.

Mr Fred Lyons, MMD president, said: "We are moving

aggressively to realign our business, both to improve current results in face of rapidly changing conditions and to prepare for the longer-term opportunities."

The measures were principally in response to the growing importance of the "managed" (bulk discount) care sector in the US, Mr Lyons said. MMD is a leader in managed care, from which it generates about 40 per cent of its US sales.

The rationalisation is also a response to a series of blows in recent months. Sales of Nicoderm, the best-selling smoking patch in the US, collapsed this

year as the smoking cessation market, worth \$300m in 1992, fell to \$350m.

MMD has also been affected by the expiry last November of the US patents of its best-selling product, the heart drug Cardizem, which had sales last year of more than \$1bn. Sales of Seldane, its anti-histamine, have been undermined by safety concerns. Business in Europe has also been affected by healthcare reforms in Germany and Italy.

The company plans to cut as many as 1,300 jobs from its workforce of 9,800. Most of the reduction will be in the US. The figure includes cutting 275

full-time US sales representatives and 200 part-time sales positions.

MMD saw first-quarter turnover fall 21 per cent to \$617m from \$779m and pre-tax profits decline 56 per cent to \$74m.

It said it would focus its R&D on specific projects, including a Seldane metabolite that would not have the side effects now associated with the product; Sabril, an anti-epileptic; and allergy products.

Last year, MMD formed a joint venture with SmithKline Beecham, the Anglo-American healthcare group, to develop and market over-the-counter medicines in the US.

Genentech results show sharp increase

By Richard Waters in New York

GENENTECH, the US biotechnology company 60 per cent owned by Roche of Switzerland, lifted second-quarter net income to \$10.4m from \$2.4m a year earlier, driven by a jump in income from product sales and licensing.

The increase in earnings per share to 9 cents, up from 3 cents a year earlier (though below the 12 cents of the first quarter), helped to lift the company's shares by 5% to \$44 by midday in New York.

Sales of Activase, the heart drug which is the company's biggest-selling product, continued to recover from the decline which had largely accounted for a slump in the company's 1992 earnings.

Following results at the end of April from a 40,000-patient trial, sales of Activase rose to \$5.5m in the quarter, up from \$4.9m in the first three months and \$4.4m in the second quarter of 1992.

Overall, product sales increased to \$110.8m (\$95.8m in the second quarter of 1992). Contract income jumped from \$5.3m to \$24.3, due largely to an \$18.2m contribution from a three-year licence agreement with Schering.

Total revenues were up to \$169.6m, from \$153m in the first quarter and \$136m in the second three months of 1992.

The company's normally high research and development spending jumped further, to \$83.9m (\$73.3m), as it took a charge of \$13.7m to end an agreement involving the Research Institute of Molecular Pathology in Vienna.

The R&D effort yielded two significant developments in the quarter: the start of development work on a new heart drug and a decision by the US Food and Drug Administration to review Genentech's cystic fibrosis treatment.

On the former, Mr Kirk Raab, chairman, said: "If this molecule performs as well in the clinic as it does in the laboratory, it could advance the treatment of heart attack even further than Activase has."

Charles Schwab ahead at \$31.6m but growth slows

By Patrick Harverson in New York

CHARLES Schwab, the largest discount brokerage house in the US, yesterday reported a big increase in second-quarter profits to \$31.6m, up from the \$18.5m earned in the same quarter of 1992.

Like other securities houses, however, Schwab's profits in the second quarter were slightly lower than in the first period of the year, when the firm earned a record \$35.4m.

The downturn in earnings suggests that while Wall Street continues to benefit from a

two-year boom in stock market and underwriting activity, the pace of growth has slackened over the past three months.

Yesterday, the San Francisco-based firm said that client trading activity in June was the softest of any month this year.

Mr Charles Schwab, chairman, said he also expected retail trading activity to weaken in the third quarter, although he believed the firm's results for that period would still be an improvement on the same period of 1992, when Schwab earned a below-average \$7.8m.

Commission revenues rose 24 per cent to \$136m, mutual fund service fees by 53 per cent to \$23.1m, and principal transactions revenues by 30 per cent to \$39.3m.

Non-interest expenses rose 25 per cent to \$184.4m, primarily due to increased trading activity and an 8.5 per cent rise in client assets to a record \$79.2bn.

Shares in Schwab rose initially on the earnings announcement, but then fell back from close to a year-high on profit-taking. By late morning the stock was trading at \$28, down \$1.

TV network boosts CBS to \$107.4m

By Karen Zagor

CBS, which owns one of the three US television networks, posted unexpectedly strong second-quarter earnings of \$107.4m, or \$6.73 a share.

The group predicted record earnings from continuing operations for the full year.

A year earlier, CBS posted net earnings of \$98m, or \$4.46. Earnings in the 1993 quarter included a one-time pre-tax gain of \$14.2m. Sales grew to \$335.6m from \$278.9m.

On Wall Street, shares in CBS rose \$10 to \$24.74 at midday. The improved earnings were attributed to better results from the company's television network, which is benefiting from higher advertising sales, cost containment and its leading position in the prime time market.

For the first half, CBS recorded net profits of \$161.6m, or \$10.23 a share, on sales of \$1.71bn.

In the first six months of 1992, the group took charges for accounting changes of \$81.6m, which reduced net income to \$5m, or 32 cents, on sales of \$1.85bn.

Mr Laurence Tisch, chairman and chief executive, said the company's television network saw sales grow by 9 per cent in the latest quarter.

He added that CBS expected to exceed significantly its record full-year earnings from continuing operations of \$114.4 a share, set in 1989.

Federal Express shares soar as profits rise 56% in fourth term

By Karen Zagor in New York

SHARES in Federal Express jumped yesterday morning after the US's biggest overnight delivery company unveiled a 56 per cent increase in fourth-quarter profits, reflecting reduced international losses.

At mid-session, shares in the Memphis-based company were up 5% at \$52.4 after a delayed opening following the earnings release after Wall Street's close on Tuesday.

The company said it was talking to Lufthansa, the German airline about buying passenger aircraft to be converted to freighters in a deal that could be worth about \$400m.

For the three months to May 31, FedEx posted net income of \$55.8m, or \$1.01 a share, compared with \$35.5m, or 66 cents, a year earlier. Revenues rose 8 per cent in the last quarter of fiscal 1993 to \$2.04bn from \$1.89bn the previous year.

Operating income in the quarter rose 24 per cent to \$138.5m from \$109.8m.

In the latest quarter, the international business showed some improvement. Operating losses narrowed to \$25.4m on revenues of \$339.2m from \$28.2m on revenues of \$336.1m a year ago.

Mr Alan Graf, chief financial officer, expects international operations to break even by fiscal 1995 or earlier.

For the full year, FedEx had net income of \$53.9m, or 98 cents, compared with a loss of \$113.8m, or \$2.11, the previous year. Results were distorted by one-time charges in both years, including the adoption of new accounting standards in fiscal 1993 and a pre-tax \$254m charge for restructuring.

Stripping out extraordinary items, the company earned \$109.8m, or \$2.01, in fiscal 1993, against \$54.7m, or \$1.01, a year earlier. Revenues rose to \$7.81bn from \$7.55bn.

In the US, the average price per package fell faster than costs, contributing to a decline in domestic underlying operating income to \$559.2m from \$635.9m a year ago.

Rubbermaid advances to \$50.6m

By Karen Zagor

RUBBERMAID, the household plastic goods company, yesterday posted a 16 per cent improvement in second-quarter net income on sales which rose 9 per cent, reflecting the success of new products and aggressive marketing which helped lift volume in the quarter.

For the three months to June 30, net income was \$50.6m, or 32 cents a share, on sales of \$488.5m, against earnings of \$43.7m, or 27 cents, on sales of \$449.1m a year earlier.

Mr Wolfgang Schmitt, Rubbermaid's recently-appointed chief executive, said: "We intend to deliver another record year in 1993. New product efforts have been intensified with plans to exceed 1992's level of introducing, on average, a new product every day of the year."

"With the momentum of these new products and some firming in the economy, we would expect second-half sales comparisons to exceed those of the first half," he said.

Mr Schmitt added that the company continued to empha-

size cost controls and productivity improvement.

He was named chairman of Rubbermaid in November after the unexpected resignation of Mr Walter Williams following an examination ordered by outside directors of budget overruns in Rubbermaid's commercial products division.

Mr Williams is said to have resigned for personal reasons, unconnected with the examination.

For the first six months, Rubbermaid had net income of \$100.2m, or 63 cents, against \$87.4m, or 41 cents, a year ago.

Banacci posts earnings up 9%

By Damian Fraser in Mexico City

FINANCIERO Banamex-Accival, Mexico's largest financial group, reported an equivalent of net earnings of 665m pesos (\$211m) in the second quarter, 8.9 per cent up from the same period in 1992.

However, earnings at Banamex, the group's bank, dropped by 18.7 per cent to 526m pesos, and at Accival, the brokerage, by 46.3 per cent to 37m pesos.

Banamex's earnings would have fallen by 11.4 per cent if a revaluation of assets had been excluded.

Most Mexican financial groups exclude revaluation of assets from net earnings. Banamex reported a revaluation of 29m pesos, compared with a large deficit in the second quarter last year.

It said a significant portion of the surplus was due to an appreciation of securities held by its subsidiaries, which if realised, would have been reported as trading income.

The group blamed the sharp fall in Banamex's income on the slowdown in the Mexican economy and the stringent monetary and credit policies of the government.

NEWS DIGEST

Vartey wins VW brakes contract

VARTY, the Buffalo-based industrial group, has won a long-term contract, valued at more than \$135m annually, to supply anti-lock braking systems to Volkswagen in Germany, Reuter reports.

Vartey's Kelsey-Hayes will supply its latest EBC 10 line of braking systems to Volkswagen beginning in 1996, for use in the 1997 model year.

This is the third large European contract for the system won by Kelsey-Hayes since it introduced its products overseas in 1991, the company said.

It predicted that Europe's anti-lock braking systems market would grow to 60 per cent of all vehicles manufactured there in 1997, compared with 25 per cent today.

AlliedSignal buys Data Control

ALLIEDSIGNAL, the US aerospace and automotive group, is to buy the Data Control unit from Sundstrand of the US, for \$185m. The deal is expected to close in September, Reuter reports.

The business, with 1992 sales

of \$194m, makes avionics products for data management, ground hazard avoidance, general aviation communications, navigation and instrumentation.

Allied said the deal would contribute to 1994 earnings, but did not elaborate.

Separately, Sundstrand which makes aerospace components, said its second-quarter earnings, to be released this week, would be up from the second quarter of 1992 but the company was "disappointed with the overall level of our earnings momentum."

It added that the sale of its Data Control business to AlliedSignal for \$185m would result in a significant, non-recurring financial gain.

Shell expands in Canada

SHELL Canada has strengthened its natural gas reserves in the Sable Island area off Nova Scotia in a property exchange with Petro-Canada, writes Robert Gibbons in Montreal.

Petro-Canada has acquired Shell's 5.3 per cent stake in the Terra Nova oilfield off Newfoundland, increasing its interest to 49 per cent.

In exchange, Petro-Canada has transferred part of its minority interests in six gasfields in the Sable Island area to Shell. This

means Shell now has a 25 per cent share of 3,700m cubic feet of gas reserves about 175 miles east of Halifax.

Most of the gas reserves were found in the mid-1970s in an exploration programme led by Shell. However, Shell and partners have no plans yet to develop the gas.

Seagram forms Polish venture

SEAGRAM, the Canadian drinks group, has formed Seagram Polska, a wholly-owned marketing, sales and distribution operation in Poland, AP-DJ reports.

The unit will market and distribute an extensive range of premium international spirits and wine brands.

PET plant for Indonesia

JAPAN's Mitsubishi Kasei will build the first polyethylene terephthalate (PET) resin plant in Indonesia at a cost of about \$80m, AP-DJ reports from Tokyo.

Construction of the 40,000 tonne-per-year plant will begin this year in partnership with Indonesia's Bakrie and Brothers. The plant will be operational in mid-1995, according to Mitsubishi Kasei.

البنك السعودي الأمريكي
Saudi American Bank

FINANCIAL HIGHLIGHTS

UNAUDITED AS OF JUNE 30, 1993

	June 30 1993 SR '000	June 30 1992 SR '000
Assets		
Cash and Due from Banks	7,072,049	9,879,122
Loans and Advances (net)	12,190,548	10,996,268
Bonds and Securities	18,520,325	15,089,918
Other Assets	1,965,646	1,863,264
Total Assets	39,748,568	37,828,572
Liabilities and Shareholders' Funds		
Customer Deposits	30,495,185	29,191,672
Due to Banks	5,110,880	4,711,060
Other Liabilities	1,046,985	1,081,595
Shareholders' Funds	3,095,518	2,844,245
Total Liabilities and Shareholders' Funds	39,748,568	37,828,572
Contra Accounts	60,753,526	52,553,178
Statement of Earnings		
Operating Revenue	737,241	697,818
Less: Operating Expense	(271,788)	(233,903)
Total Operating Income	465,453	463,915
Transfer to Reserves Net of Credit Recoveries	5,115	(17,037)
Net Income for the half year ended June 30.	470,568	446,878

For further information, please contact:

Head office: The Corporate Secretary, Saudi American Bank, P.O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia. Telephone: (01) 477 4770.

London branch: The General Manager, Saudi American Bank, Nightingale House, 65 Curzon Street, London W1Y 7PE, U.K. Telephone: (71) 355 4411.

Istanbul branch: The General Manager, Saudi American Bank, P.O. Box 49, Levant, Istanbul, Turkey. Telephone: (11) 300284/7.

Geneva office: The General Manager, Samba Finance S.A., 387 Rue du Commerce, 1204 Geneva, Switzerland. Telephone: (22) 3102400.

New York representative office: The General Manager, Saudi American Bank, 666 Fifth Avenue, New York, NY 10103, U.S.A. Telephone: (212) 3078274.

Paris representative office: The General Manager, Saudi American Bank, 51 Avenue Hoche, Paris 75008, France. Telephone: (1) 43 80 00 80.

CITY OF WESTMINSTER
FINANCE DEPARTMENTTENDERS FOR INTERNAL AUDIT,
FINANCIAL SYSTEMS AND BANKING & CONTROL

The City Council intends to seek tenders from suitably qualified firms for provision of the Internal Audit, Financial Systems and Banking and Control Services.

Contracts will start on 1 June 1994 and will run for 3 years, 10 months in respect of Internal Audit and for three years in respect of Financial Systems and Banking and Control.

Firms wishing to be considered for the tender should submit their expressions of interest by 12 noon on 30 September 1993 to:

Roger Allard
Head of Audit and Support Services (Tel: 071 798 2326) in respect of Internal Audit.

Geoff Packman
Head of Financial Services (Tel: 071-798 2374) in respect of Financial Systems and Banking and Control.

Finance Department, City Hall, Victoria Street, London SW1E 6QP

Firms should include the following information:

Company name, registration number, trading address and registered office (if a subsidiary company, also the name and address of the parent company).

Description of the company and its main business areas.

Names and addresses of three referees from whom references may be sought regarding the company's experience and ability to undertake work relevant to the service(s) applied for.

A statement showing a list of other work relevant to the service(s) applied for, carried out over the last three years including contract dates, values and client names.

A set of audited accounts for the past three years (if a subsidiary company, submit these accounts as well as consolidated accounts).

Name and details of the manager who would be responsible for the tender submission and who, if successful, would be the contract manager.

Any other relevant information regarding the firm's ability and experience to carry out the service(s) applied for.

From 2 August to 17 September 1993 inclusive, except Saturdays, Sundays and Bank Holidays, any person may inspect the detailed specifications and contract documentation for these three services free of charge on application to the reception in the First Floor Foyer of City Hall, Victoria Street, London SW1E 6QP. During this same period, any person will be supplied with a copy of the detailed specification and contract documentation on request to Roger Allard in respect of Internal Audit and/or Geoff Packman in respect of Financial Systems and Banking and Control, and on payment of the sum of £150 per service. This sum will be returned to firms who are invited to tender and submit a bona fide tender.

The City Council intends to invite tenders on or about 25 October 1993 with an anticipated closing date of early December 1993.

THE WARDLEY
CHINA FUND
LIMITED

Unaudited NAV per share as at 30th June, 1993

US\$10.11

FT READERS'
ENQUIRY SERVICE

If you require information about the content of the Financial Times or about specific articles please contact our FT Readers' Enquiry Service by phone, fax or letter.

Call our research staff between 9.30 am and midday or 2.00 pm and 4.45 pm Monday to Friday.

Call 071-873 4211
Fax 071-873 3084

INTERNATIONAL COMPANIES AND FINANCE

Dream seeks bankruptcy protection

By Robert Thomson in Tokyo

DREAM, a Japanese civil engineering company turned pinball parlour operator and stock speculator, has filed for bankruptcy protection with the Nagoya District Court.

The failure of Dream, which has about ¥50bn (\$462m) in outstanding debts, also raises doubts about the future of Gajon Kanko, a stock market-listed hotel operator, which admits that Dream pays its employees' salaries. Trading in Gajon Kanko stock was suspended yesterday.

Dream's filing highlights the extreme pressure on companies which thrived in the easy money days of the late 1980s, but which are now facing huge

losses on stock and property investments. They are also finding funds difficult to raise, as once-friendly banks are refusing to provide fresh loans.

Both companies are linked to the already collapsed Cosmopolitan speculators' group, which bought stakes in dozens of companies during the 1980s, including a range of regional banks, which were expected to fund its investment activities.

Former Cosmopolitan executives boasted of gangster links, although the claims could have been an attempt to lubricate the company's many attempts at "greenmail", forcing companies to buy off spurious takeover attempts.

Dream is still the largest shareholder in Gifu Bank, a

conservative regional bank based in central Japan. While Dream, which operates pachinko (Japanese-style pinball) parlours, holds 6.5 per cent of the bank, it is understood that most of the company's funds have come from independent finance companies.

For the year ended March 1993, Dream reported a pre-tax loss of ¥3.3bn and shortly after acquired 10m shares in Gajon Kanko for ¥2bn, which the company now says was never paid. With the allocation of the shares, Dream had acquired 21 per cent of Gajon, making it the biggest shareholder.

The complex links among the many speculator groups in Japan have led to Gajon being caught up in the scandals surrounding

Itomura, the large textile trader taken over by the Sumitomo group this year following a string of investments in stocks, property and French impressionist paintings.

Mr Tsutomu Kido, Gajon's president, yesterday said his company had no collateral for the ¥2bn in stocks given to Dream, nor is there a formal loan contract between the two companies.

Apart from highlighting the influence of speculator groups, the Dream and Gajon sagas have also drawn attention to auditors in Japan.

Two years ago, an auditor approved, then rejected, and then approved Gajon's accounts, though little new information was provided.

NZ brewer placement may fund acquisition

By Terry Hall in Wellington

LION NATHAN, the New Zealand-based brewing and soft drinks group, announced yesterday that it may be about to mount a takeover bid for the brewing business of Australia's SA Brewing group.

Lion is raising NZ\$260m (US\$143m) through a private placing of equity, and yesterday's prospectus said the proceeds would be used to reduce debt and support the possible acquisition of the brewing operations of SA Brewing Holdings.

Mr Douglas Myers, chief executive, said his company, already the biggest brewer in Australia with some 40 per cent of the beer market, was tending to buy the assets.

A spokesman said Lion had had extensive talks with institutions in Australia. He said that it was interested in SA Brewing, but that the price would "have to be right".

SA Brewing would make no comment yesterday. "We don't intend to make a statement on it," said Mr John Morton, SA Brewing's company secretary. The company has consistently declined to comment on reports that it is planning to sell its brewing operations, which have been valued at up to A\$350m (US\$238m).

The group has suffered sluggish profits recently as a result of poor beer and packaging trading. For the six months to December, net earnings were just 1.1 per cent ahead of A\$67.15m, although the outlook for the second half was said to be favourable.

In March, when announcing a big jump in half-year profits, Lion forecast satisfactory full-year profits but said tougher competition and difficult trading conditions in the Australian beer market would be a challenge.

Boosted by an acquisition, Lion's net profits for the six months to February rose 73 per cent to NZ\$79.5m. Mr Myers said 3.6 percentage points of its key market share in New South Wales had been lost during the period.

Lion's share of the beer market was 40.7 per cent in Australia and 58.2 per cent in New Zealand.

SA share placing is being made at NZ\$3.05. It involves the issue of 49.8m new shares, representing 10 per cent of Lion, and the sale of 35.2m shares from its treasury.

Mr Myers said the move would significantly strengthen Lion's balance sheet. He said a more conservative balance sheet and greater Australian institutional support would form a strong base for growth.

"Over 70 per cent of our assets are located in Australia. We wish to increase the level of ownership by Australian institutions," he said.

Royal Trustco to bail out share scheme executives

By Bernard Simon in Toronto

THE PARENT company of Royal Trust, the Canadian financial institution controlled by the Bronfman family whose operations are being sold to Royal Bank of Canada, will spend about C\$20m (US\$15.6m) on life insurance policies to bail out 151 managers out of an executive compensation scheme which went badly awry.

Royal Bank has refused to employ any RT managers unless they are relieved of all obligations under a share purchase plan, which forced them as a condition of employment to buy large parcels of shares in Royal Trustco, RT's parent company. The purchases were financed by corporate loans.

The idea of the scheme was that the managers would augment their salaries with handsome capital gains as RT's profits improved and the share price appreciated. Dividends would be used to pay interest on the loans.

Instead of improving, business has gone into reverse,



Hartland MacDougall: RT chief put 1992 loss at about C\$900m

however. Earlier this year Mr Hartland MacDougall, RT chairman, announced that losses for 1992 were in the region of C\$900m. The share price of Royal Trustco, which recently changed its name to Centra, has collapsed from a peak of more than C\$19 in 1989 to 37 cents.

Many RT managers faced financial ruin if their loans

were called in under the original terms of the purchase plan. Their total indebtedness under the scheme is C\$53.5m.

Centra now plans to extend the term of the loans for up to 70 years. The loans will be payable only if the shares rise above the original purchase price, or when the participant dies. In the latter event, the participant's obligations will be covered by the insurance policy.

The bailout does not apply to 74 employees, with loans totaling C\$21m, who will not remain with RT after its sale to Royal Bank.

Similar compensation plans have been in force at other companies controlled by Toronto's Bronfman family. But the share prices of these companies have generally performed better than Royal Trustco, and fewer employees have been involved in the share purchase schemes.

None the less, several of the Bronfmans' most senior executives have received large loans to relieve them of the burden of falling share prices.

Second-term loss at Alcan Aluminium

By Robert Gibbons in Montreal

ALCAN ALUMINIUM, the Canadian aluminium group, faced with weaker ingot and fabricated product prices, posted a second-quarter loss of US\$35m, or 18 cents a common share, against a loss of \$29m, or 15 cents, a year earlier.

Sales and operating revenues for the quarter were 5 per cent lower at \$1.86bn.

For the first six months, Alcan's loss deepened to \$55m, or 29 cents a share, compared with a deficit of \$44m, or 24 cents, a year earlier. First-half sales and operating revenues were \$3.6bn, against \$3.6bn.

Second-quarter fabricated products volumes were stable but actual realised prices were down 9 per cent. Ingot shipments were slightly higher but realised prices were down 10 per cent.

The lower prices were partly offset by cost reductions and a weaker Canadian dollar. Interest costs were also lower.

Total shipments of ingot and fabricated products in the second quarter were 641,000 tonnes, against 610,000 tonnes, and in the first half roughly the same at 1.22m tonnes.

In Canada, where most of Alcan's primary production is located, losses were higher in the second quarter while US operations posted a loss, compared with a small profit in the 1992 period.

Latin America improved and posted a small profit. European results deteriorated with the recession and the Pacific suffered a small loss, reflecting poor results from the Japanese associate.

Alcan's results are the latest set of weak numbers to emerge from the industry. Earlier this week Alcan's parent company of America, the world's biggest producer, reported a 21 per cent decline in second-quarter net income.

Inflated by imports from the former Soviet Union, world aluminium stocks are high and prices weak.

GM to restrict price increases

By Martin Dickson in New York

GENERAL Motors plans to hold back US price increases in the 1994 model year in an attempt to win back market share.

The company, in the throes of a restructuring to return loss-making North American operations to profit, said that in the model year starting in October, it would expand the "value pricing" marketing idea it initiated in 1993.

This involves dropping the price of certain models of

vehicles equipped with popular levels of optional equipment. The idea is to lift sales and run GM's factories closer to capacity, to raise profits.

Mr Michael Losh, a GM vice-president, said value pricing had been a factor behind the resurgence of GM's North American sales this year.

The company's share of the US passenger car market fell sharply last calendar year, to less than 31 per cent, when it cut back sharply on unprofitable sales to fleet buyers.

It has recovered this year and for June totalled 37.1 per

cent, compared with 36.7 per cent a year earlier, but for the first half of 1993 it was down a point on 1992, at 35.3 per cent.

The recovery has been due to value pricing and because Japanese competitors, hurt by a strong yen, have been increasing their prices further.

Mr Losh said that in the 1994 model year, GM's prices would rise by 1.5 per cent, even though they were fitted with additional equipment.

Truck prices would rise by 2.2 per cent and the average price for GM vehicles would go up about 1.6 per cent.

Setback at International Paper

By Keren Zagar in New York

INTERNATIONAL Paper, the US forest products group, reported a 26.9 per cent downturn in underlying second-quarter earnings, reflecting slow growth in domestic markets and weak overseas economies.

The company warned that weakness in European and export markets would probably continue in the second half. Net income for the three months to June 30 was \$77m, or 62 cents a share, on sales of \$3.5bn compared with earnings

of \$112m, or 92 cents, on sales of \$3.4bn a year earlier.

Interest costs were considerably higher in the 1993 period, and in the second quarter International Paper had benefited from tax-related interest income and higher capitalised interest attributable to two important European projects.

Stripping out income taxes, extraordinary items and the cumulative effect of accounting changes, International Paper earned \$122m in the quarter against \$174m a year earlier.

For the first six months, net

income was \$141m, or \$1.14 a share, on sales of \$6.9bn, against profits of \$164m, or \$1.56, on sales of \$6.7bn in the same period of 1992.

Packaging operations saw sales decline to \$90m from \$92.5m, but the company's other leading business segments posted improved sales.

Mr John Georges, chairman and chief executive, said demand for printing papers had risen a few percentage points from last year. Increases in reprographic and coated groundwood papers had been made for the third quarter.

Hilton hit by lack of 'high rollers'

By Richard Waters in New York

A SHORTAGE of "high rollers" - gamblers willing to bet the largest stakes - at the Las Vegas Hilton contributed to a second-quarter decline in net income for Hilton, the hotels and gaming group, to \$26.8m, or \$0.56 a share, from \$32.4m, or \$0.68 a share, in the same period in 1992.

A strong rise in operating income from gaming had helped Hilton to shrug off flat operating revenues from its hotels division in 1992 and the first quarter of 1993.

In the three months to June 30, however, operating income from gaming fell slightly, to \$37.4m from \$37.5m.

The company blamed the result on a lack of gamblers placing large stakes at the tables in the Las Vegas Hilton, although it said the Flamingo Hilton in Las Vegas and its two hotel-casinos in Reno, Nevada, had done well.

The hotels division recorded unchanged operating income, at \$29.7m. Continuing weakness in New York and Hawaii, and industry-wide pressure on rates, had accounted for the result, Hilton said. The hotel

occupancy rate rose by one point, to 70 per cent, compared with the same quarter in 1992, but average room rates fell in a number of areas.

Turnover rose 17 per cent to \$345.3m from \$294.8m. Net income was struck after financing charges up to \$17.7m from \$13.2m due to the \$300m of extra borrowing taken on last year to finance further casino developments.

Hilton said it had accelerated its development of casinos in New Orleans and Kansas City, both of which were expected to open in the first quarter of 1994.

TRANSACTION WITH GENBEL



Gencor's announcement dated May 11, 1993 regarding the proposed unbundling of its non-mining interests advised that a major objective would be to minimise the diminution of asset value. Accordingly it was envisaged that a number of investment transactions, which could involve shares that might otherwise be unbundled, might be executed prior to the distribution of shares to Gencor shareholders.

In keeping with this objective, Gencor has now reached agreement with Genbel Investments Limited ("Genbel") to enter into the investment transactions described below.

TRANSACTION WITH GENBEL

In order to consolidate Gencor's position in certain strategic assets the company acquired further interests from Genbel as part of the existing Gencor group's strategic holdings.

The assets acquired from Genbel are:

- all of its non-South African interests, being ordinary and "A" convertible preference shares in TransAtlantic Holdings PLC ("TransAtlantic"), exploration interests in Turkey (the balance of which are already held by Gencor), as well as other net assets including some cash. These interests have collectively been valued by Smith New Court Corporate Finance Limited at R512 million;
- 1 678 071 shares in Impale Platinum Holdings Limited ("Impale") valued at R114.3 million;
- 235 290 shares in Kinross Mines Limited ("Kinross") valued at R107.8 million;
- 4 729 928 shares in Samancor Limited ("Samancor") valued at R107.8 million;
- 3 199 699 shares in Trans-Natal Coal Corporation Limited ("Trans-Natal") valued at R30.4 million; and
- 1 647 285 shares in Winkelhaak Mines Limited ("Winkelhaak") valued at R84.7 million.

The above assets were acquired in exchange for:

- 8 946 813 shares in Engen Limited valued at R381.0 million;
- 12 391 699 shares in Sappi Limited valued at R381.0 million; and
- 5 107 252 shares in Beatrix Mines Limited ("Beatrix") valued at R100.0 million, all held by Gencor.

For purposes of the exchange the respective 20-day weighted average closing prices of the shares and exchange rates for the

period ended Friday 18 June 1993 were used. The combined value of the entire exchange is approximately R862 million, which value is considered to be fair and reasonable by FirstCorp Merchant Bank Limited (acting for Gencor) and Rand Merchant Bank Limited (acting for Genbel).

Following the above transactions Gencor's percentage interests in the main companies acquired, as well as in Beatrix, are as follows:

TransAtlantic (fully diluted)	11%
Beatrix	57%
Implats	46%
Kinross	35%
Samancor	45%
Trans-Natal	50%
Winkelhaak	35%

The transactions, which are effective as of 30 June 1993, will not have a material effect on Gencor's earnings or net asset value for the financial year ending 31 August 1993.

The transactions are subject to ratification by Genbel's shareholders at a general meeting to be held on 6 August 1993. The acquisition by Gencor of Genbel's offshore interests has been approved by the South African Reserve Bank. The Securities Regulation Panel has ruled that the share exchanges do not constitute affected transactions.

It is anticipated that a detailed announcement regarding the proposed unbundling will be made within the next three weeks.

Gencor Limited

Registration number: 0101232906
Incorporated in the Republic of South Africa

Johannesburg
15 July 1993

Merchant bank

In the Republic of South Africa

FirstCorp Merchant Bank Limited
Registration No. 592241/006
A member of the First National Bank Group

Prices for securities described for the purposes of the Securities Exchange Act of 1934, as amended, in the United States and Canada.

Prices are in US dollars unless otherwise indicated.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

Prices are for the period ending 12/28/92.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCK DESCRIBED BELOW IS NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND.

ISSUE OF £900,000,000

7 1/4 % TREASURY STOCK 1998

SCHEDULE OF PAYMENTS:

On issue	£20.00 per £100 nominal of Stock
On 16 August 1993	£35.00 per £100 nominal of Stock
On 13 September 1993	£47.25 per £100 nominal of Stock

£700,000,000 of the above Stock has been issued to the Bank of England on 14 July 1993 at a price of £102.25 per £100 nominal of Stock; the balance of £200,000,000 of the Stock has been reserved for the National Debt Commissioners for public funds under their management.

The Stock will be repaid at par on 30 March 1998.

Interest will be payable half-yearly on 30 March and 30 September. The first interest payment will be made on 30 March 1994 at the rate of £4.3603 per £100 of the Stock. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List; dealings in the Stock are expected to commence on Thursday, 15 July 1993.

Copies of the notice

COMPANY NEWS: UK

Shareholders quiz chairman over departure of chief executive

Storehouse chief lashes out

By Neil Buckley

MR IAN Hay Davison, chairman of Storehouse, the retail group comprising BHS and Mothercare, strongly criticised the decision by Mr David Dworkin, former chief executive, to resign only six months after taking up the position.

Mr Hay Davison's attack on his former colleague, made in response to repeated questions from shareholders at the company's annual meeting about Mr Dworkin's resignation and pay, was unusually outspoken for a company chairman.

He said his reaction to Mr Dworkin's departure from the group only weeks after receiving a performance-related bonus of £2.7m was one of "fury". He added that he felt Mr Dworkin had let the company down.

"Maybe because he's an American and comes from a different cultural context he did not understand that in this country you just don't leave a position of chief executive of a company so soon after taking it up," he said.

Mr Dworkin was promoted from chief executive of BHS to chief executive of the Storehouse group in July 1992, but resigned in February to head US stores group Carter Hawley Hale.

His basic pay rose last year from £344,000 to £575,000 but a long-term performance bonus of £2.7m - negotiated when he first arrived at BHS in 1991 - took his total remuneration for the year to £3.5m.

Mr Hay Davison is thought to be more angry about Mr Dworkin's decision to leave after only six months in the



Ian Hay Davison (left) expressed fury with David Dworkin and strongly criticised his decision to resign only six months after taking up his position as group chief executive

chief executive's job than about the bonus payment. He reminded shareholders yesterday that Mr Dworkin had achieved dramatic results at Storehouse and that the group's market capitalisation had increased by £400m since the beginning of 1992.

No money was paid to Mr Dworkin in compensation for loss of office. But Mr Hay Davi-

son told shareholders that, as a result of its recent experience, Storehouse had reduced the length of executives' employment contracts to a maximum of two years. Mr Hay Davison told the meeting that Storehouse's sales were currently 5 per cent ahead of last year. The company avoided giving a figure when it reported its full-year results in May, saying

only that sales were in line with targets.

However, he warned that Storehouse, like other retailers, had experienced a general slow-down in trading since earlier in the year, and that its year-on-year growth in sales was from its success in increasing market share. It saw "little if any increase in overall demand".

Rooney's future remains unclear

By Andrew Bolger

THE FUTURE of Mr Bill Rooney as chairman and chief executive of Spring Ram, the bathrooms and kitchens group, was still unclear last night. The shares closed 4p lower at 51p.

After three profit warnings within eight months, Mr Rooney is under pressure from institutional shareholders to resign. This move is led by the Prudential Corporation, which speaks for 35 per cent of the group's equity.

After a meeting yesterday, the company said: "The board of Spring Ram, which remains united in its support for Mr Bill Rooney, recognises and accepts the need for immediate and major changes in the structure, style and management of the company for the 1990s. Today's meeting has been convened to enable the board to seek further advice on the implementation of these changes."

Neither Mr Rooney nor any of the other directors would expand on the statement, which raises several questions. It is not clear how compatible "major changes" are with continuing support for Mr Rooney, a co-founder of the company and still its dominating force.

Mr Rooney has said he would be prepared to give up the role of chairman or chief executive, but not both. Mr Rooney and his family trusts have a 16 per cent stake in the company.

Pre-tax profits in the first half of the current year were forecast to be well below the comparable period, contrary to earlier expectations. In March the company disclosed a pre-tax loss of £26m - a third less than expected.

Growing thirst for cider lifts Bulmer to £19.6m

By Paul Taylor

THE CONTINUED growth of the cider market in the UK, Australia and Belgium helped BP Bulmer to a 15 per cent increase to £19.6m in pre-tax profits for the 53 weeks to April 30.

The increase from £17.1m was achieved on sales ahead 13 per cent to £251.8m (£231.9m), including £6.84m from Ciderie Stassen, the Belgian branded cider maker acquired in September. Sales were underpinned in the UK by volume gains achieved by Bulmer's leading brands, Strongbow, Woodpecker and Scrumpy Jack.

Earnings per share improved 15 per cent to 22.89p (19.96p); a proposed final dividend of 6.4p (5.55p) makes a total for the year of 10.15p (9p). The shares gained 13p to close at 419p.

Mr John Rudgard, chief executive, said the UK cider market had "continued to grow in all sectors", including the private label business for supermarket chains which expanded by 28 per cent last year.

In the UK Strongbow continued to dominate the mainstream cider market, capturing

28.3 per cent of the on-trade business and adding 5,400 new taps. Strongbow draught volumes grew by 17 per cent last year while in the premium sector Scrumpy Jack volumes jumped 54 per cent.

The Australian operations achieved 10.8 per cent volume growth and a 34 per cent increase in operating profits to £2.37m on sales of £14.4m. In £2.37m on sales of £14.4m, the 30 per cent volume growth in the 8 months to the end of April contributed £771,000 to total group operating profits of £24.1m (£20.5m).

In soft drinks, both Kiri and Orangina achieved volume gains while Volvic, the second largest mineral water brand after Evian, managed to increase volumes by 25 per cent to 34.6m litres. However, the beer portfolio had "a difficult year" because of depressed demand with sales of Red Stripe down slightly.

The group's operations also suffered from reduced demand and fierce price competition and operating profits fell by 61 per cent to £972,000 (£2.5m) on turnover of £12.5m (£14.5m). Mr Rudgard said a strategic

review of the business was nearing completion.

COMMENT

Bulmer's great strength is the depth of its brand portfolio across all the market segments built through hefty marketing and solid investment expenditure. The loss next year of the Perrier and Buxton distribution contract - representing 14 per cent of secondary distribution tonnes - should be covered within a year by volume growth in the rest of the product portfolio. UK operating margins, although increasing, are still held back by the lower margin beer and soft drinks operations, but would benefit from the disposal or closure of the pettin business. This year pre-tax profits should reach £21m, equivalent to earnings of 24.7p and producing a prospective p/e of just under 17. Investors have a choice in how to play the rapidly growing cider market: for certainty, they can choose Bulmer's established depth of brands and management; for a bit of excitement, they can pick up and coming Taunton Cider's ability to capture share with new brands.

Headlam seeks £5m to fund purchase of Claremont Fabrics

By Peter Franklin

HEADLAM Group, the floorcoverings and fabrics distribution group, is buying Claremont Fabrics, a textile converter and fabrics wholesaler.

Consideration is £5.3m in shares, of which 208,661 are being retained by one of the vendors and 3.95m are being offered to Headlam shareholders under a 2-for-13 rights issue

at 127p to raise £5.04m for the vendors.

A further 692,547 shares will be offered to Headlam shareholders on the same terms to raise an additional £500,000 to provide working capital for the enlarged group and funds to meet the acquisition costs.

The purchase is conditional on shareholders' approval and the rights issue is conditional on completion of the purchase; application has been made to

the Stock Exchange for the proposed new shares to be admitted to the Official List.

Dealings in the new shares are expected to commence on August 2. The rights is underwritten by Robert Fleming and the broker to the issue is Albert E Sharp.

Claremont Fabrics made pre-tax profits of £516,000 on turnover of £10.7m in the year to April 30, at which date it had net assets of about £1.1m.

Scantronic shows advance to £3.09m

By Catherine Milton

STRONG EUROPEAN markets helped Scantronic Holdings, the security components supplier and manufacturer, lift pre-tax profits from £2.54m to £3.09m in the year to March 31.

Mr Ray Dias, finance director, said the company did not adopt FRAS 34 wanted to report separately exceptional and extraordinary provisions relating to litigation.

The group took a £444,000 exceptional charge for doubtful trading debt due from Alarm Parts and a £1.5m extraordinary charge mainly against costs relating to the damages claim against the former owner of Arrowhead, a US acquisition.

Turnover rose to £39.1m (£36.1m). Mr

Wallace Clapperton, chairman, said European markets were the main area where progress was achieved.

"Mainland European sales benefited from increased original equipment manufacture business which more than countered recessionary conditions."

European operations contributed turnover of £30.4m (£26.2m) and operating profits of £2.95m (£2.55m).

Scantronic has now split continental and UK operations to give "greater focus" to the overseas business, where it has a low market share.

There was a reduced operating loss of £153,000 (£591,000) from the North American operations although turnover slipped to £8.68m (£9.86m).

Mr Clapperton said: "Despite our earlier expectations, the North American market showed no sign of upturn. Progress to bring operations into line with existing business levels was achieved through the strengthening of local management and the launch of new products."

Scantronic maintained a £2m spend on research and development, some 5 per cent of sales. Gearing was held at just under 20 per cent, and the company generated more than £5m in cash for the second year in succession, including £1m from US operations. Net interest charges fell to £311,000 (£422,000).

The final dividend is 2.33p (£2.18p) making 3.121p (£2.97p) for the year, payable from earnings of 4.05p (£2.18p).

Ex-Savoy man turns down Forte job offer

By Michael Skapinker, Leisure Industries Correspondent

AN ATTEMPT by the Forte hotel group to recruit Mr Willi Bauer, former general manager of the Savoy, to run its luxury establishments has failed.

Forte said yesterday that Mr Bauer, chief executive of Wentworth golf and country club group, had decided not to take the job for personal reasons.

Mr Bauer would have run Forte's Exclusive hotel portfolio, which includes the Hyde Park and Grosvenor House in London, the George V in Paris, the Ritz in Madrid and the Bristol in Warsaw. Mr Rocco Forte, Forte chairman, has said he would like to merge the

hotels with those run by the Savoy group.

Forte acquired the majority of Savoy shares following a bitter takeover battle in the 1980s, but has a minority of voting shares. During the bid, Mr Forte strongly criticised Mr Bauer's management skills.

Savoy and Forte agreed a five-year truce which ends in November next year. Mr Bauer said last night of the proposed Forte position: "It was and is the most exciting job in the industry. But it would have meant an awful lot of travelling and responsibility worldwide. A job like that takes 100 per cent commitment and I wouldn't want to travel 60 to 70 per cent of the time."

Pay-out in prospect for creditors of ACS

By Paul Taylor

CREITORS of Atlantic Computer Systems, the main UK operating company in the collapsed Atlantic Computer leasing group, may receive a dividend of between 10p and 15p in the pound, according to the company's joint liquidators.

Mr John Soden and Mr Richard Boye-Stones of Price Waterhouse were appointed joint liquidators of ACS earlier this week following uncertainty as to the company's joint administrators in April 1990.

When Atlantic collapsed in 1990, dragging down its parent company, British & Commonwealth Holdings, ACS had li-

abilities of £500m - mostly contingent liabilities arising from clauses in the company's portfolio of more than 2,500 leases.

Since then, however, the administrators have achieved realisations after costs of over £38m compared with initial estimates of about £16m and have been successful in minimising liabilities through negotiations with lessees and funders - removing some £38m of liabilities and dealing with over 67 per cent of the leases.

Mr Soden said that although significant uncertainty will remain about the level of dividend until all the claims have been received, "we may be in a position to pay a first dividend by the end of this year."

Markheath shares dip on news of delay in results

By Peter Pearce

SHARES in Markheath, the property group 61 per cent owned by the Australian Adelaide Steamship and its associates, fell 14p to 54p yesterday on news that it was to delay the announcement of its annual results.

Mr Ian Creber, finance director, said that negotiations with the group's banks were continuing, causing the delay.

These talks have been going on since at least the January announcement of the half-year results, when losses deepened to £4.71m (£459,000). Mr Creber said that then the discussions were over the

availability of credit facilities; now they were about their maturity dates. He said that rental income was "not enough to cover the group's operating costs and bank interest."

Markheath's financial restructuring, involving repair to the balance sheet, is complicated by the fact that the directors believe, having studied management accounts, that net assets have fallen below £15.26m, or less than half of the called-up share capital.

Mr Creber insisted that this fall-off in net assets - from £25m at March 31 1992 - did not trigger the delay in the results announcement.

NEWS DIGEST

Games side boost for Prism

A STRONG performance from its computer games division helped Prism Leisure report record profits for the 12 months to March 28.

Shares of the USM-quoted group rose 10p to 150p after the announcement of pre-tax profits of £1.33m, up 37 per cent on the comparable £975,000. Turnover improved to £15.5m (£13.5m).

Mr Geoff Young, chairman, said the computer games side had exceeded expectations: "The customer profile has continued to improve and now covers many major retailers," he said.

The audio and video operation maintained profits in difficult trading, but the German subsidiary, which began trading last July, produced an "encouraging" profit, Mr Young said.

Cash balances at the year-end amounted to £1.5m. A proposed final dividend of 2.37p brings the total to 3.27p - a 20 per cent rise - covered

over three times by earnings of 10.4p (8.4p) per share.

Adam & Harvey falls to £4.36m

Adam & Harvey, the international distribution and steel stockholding concern, suffered a fall in pre-tax profits from £5.4m to £4.86m for the year ended March 31, from turnover behind at £40.4m against £42.7m.

Earnings per share were 54.2p (69.5p) while the dividend is stepped up to 12p (11p) with an increased final of 7p.

Judgment against Crest Nicholson

Crest Nicholson, the Surrey-based housebuilder, yesterday received an adverse judgment in the High Court arising from its decision to rescind a contract to purchase development land at Ford's Farm, Calcot, near Reading, in 1988.

The court held that Crest had wrongfully refused to complete the purchase of the land and awarded damages and interest amounting to £1.7m against Crest, which was also ordered to pay three quarters

of the plaintiff's costs. Crest said the loss arising from the judgment, which is expected to amount to about £2m, would be charged as an exceptional item in the accounts for the year to October 31.

Heron restructuring moves ahead

Heron International, Mr Gerald Ronson's property and trading group, announced yesterday that the Netherlands debt restructuring scheme of arrangement for Heron International Finance had been ratified by the District Court in The Hague.

Batleys declines 22% to £6.53m

Pre-tax profits of Batleys, the private Huddersfield-based chain of cash and carry wholesalers, fell 22 per cent from £8.38m to £6.53m in the year to May 1.

The outcome was struck on turnover of £477.9m, against £464.9m for the previous 53 weeks. Interest charges were

£178,000 lower at £523,000 and earnings per share were 28.06p (35.54p).

First half sales rise 18% at Irish Life

For the first six months of 1993 sales at Irish Life rose 18 per cent to £165.4m (£140.9m).

Single premium sales in Ireland were down slightly at £50.7m while recurring premium sales fell by 3 per cent to £126m. In the UK, single premium sales were ahead by 22 per cent to £113.7m but recurring premium sales were down 12 per cent to £17.3m.

Aberforth Split Level assets up 22%

Aberforth Split Level Trust, which invests in small UK quoted companies, had a net asset value of 239.7p per capital share at June 30, up almost 22 per cent over the year.

Available revenue amounted to £1.77m (£1.43m) for earnings of 8.43p (9.56p) per income share.

A lower final dividend of 2.4p reduces the total for the year to 8.4p (9p).

NEWS IN BRIEF

BROMSGROVE has paid £1.36m for Banafix, a Buckinghamshire-based company engaged in the reinforcement of glazed areas in buildings through the application of protective security film.

BULLERS is to purchase the assets and continuing business of Michael Sutty for £70,000 cash, with a further maximum 250,000 payable as royalty sales over a two-year period. Finance has been provided from bank facilities made available by Marmara Bank of Turkey, whose chairman, Mr Akila Uras, is a Bullers director and who through his company, Auric Holdings, owns 29.9 per cent of the Bullers equity.

CARDIFF PROPERTY: At first closing date the offer for Village Residential had been accepted in respect of 3.07m shares (69.9 per cent). Offer declared unconditional in all respects and extended until July 26.

DERWENT VALLEY has received acceptances to its open offer in respect of 1.72m new ordinary shares (44.35 per cent). Shareholders had previously undertaken not to accept

their entitlements to 472,653 shares (12.18 per cent). These, together with the remaining 1.69m shares not taken up (43.48 per cent), are to be taken up in accordance with arrangements outlined last month.

FINSBURY SMALLER Companies Trust: Applications for open offers received in respect of 72,408 ordinary and 492,226 C preference shares. Subject to placing and open offers going unconditional, all applications will be met in full.

RAMMERSON PROPERTY: Recent rights issue taken up in respect of 18.4m ordinary and 86.2m C ordinary shares, representing 96.89 and 86.94 per cent of offer respectively. Balances sold in market at a premium.

HUNTERS ARMLEY has acquired Alf Smith Printers (Bradford) for a maximum £1.2m cash.

INTERNATIONAL BUSINESS Communications (Holdings): Applications for recent open offer received in respect of 2.27m shares, a take-up of 39.56 per cent of shares available for clawback. Elections also received in respect of £1.25m

nominal of unsecured subordinated debt stock 1996 for conversion into ordinary shares, which will result in the issue of up to 1.4m new shares.

LOWE (ROBERT R) said negotiations were in progress for the disposal of its children's wear division, which trades under the Babygro banner, to Delta Textiles (London). Delta is the UK subsidiary of Delta Gall Industries, an Israeli textile manufacturer.

MID-STATES has acquired the business of Harts Autoports of Chattanooga, Tennessee, for £1.5m (£1.2m) in cash, together with a deferred payment of £121,000.

MOLYNEUX ESTATES: Applications for recent open offer received in respect of 1.89m shares (23.89 per cent).

NO PROBES: The proposed acquisition by ACT Group of the BIS Group from Nynex Corporation is not being referred to the Monopolies Commission.

PROUDFOOT: 10 per cent of 1992 final dividend was taken up under scrip dividend alternative and application for listing has been made in respect of 377,998 new ordinary shares.

Non-quoted loans A are 1 per cent higher and non-quoted loans B 2 per cent higher in each case than quoted loans. Fixed holidays of 10 days are included in the calculation of the interest rate. Half-yearly payments to include principal and interest, 2.5% half-yearly payments of interest only.

PUBLIC WORKS LOAN BOARD RATES

Effective 13 July 1993

Term	Rate	Rate	Rate
Over 1 up to 2	5%	5%	5%
Over 2 up to 3	5%	5%	5%
Over 3 up to 4	5%	5%	5%
Over 4 up to 5	5%	5%	5%
Over 5 up to 6	5%	5%	5%
Over 6 up to 7	5%	5%	5%
Over 7 up to 8	5%	5%	5%
Over 8 up to 9	5%	5%	5%
Over 9 up to 10	5%	5%	5%
Over 10 up to 15	5%	5%	5%
Over 15 up to 25	5%	5%	5%
Over 25	5%	5%	5%

Quota loans

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co., 85 Wall Street, New York, New York 10004, U.S.A. (212-902-6777).

Symon Bradford, NatWest Securities Ltd., 1000 House, 74-77 Queen Street, Edinburgh EH2 4NS (031-225-6525).

One Southwark Bridge, London SE1 9HL.

Information regarding the FT-Actuaries World Indices, including details of constituents, is available from:

Mark Zurack or Barbara Mueller, Goldman, Sachs & Co.,

Stanley Leisure at £8m despite Aintree debacle

By Catherine Milton

AINTREE'S Grand Debacle failed to prevent Stanley Leisure Organisation, the betting shop, casino and snooker club group, lifting pre-tax profits from £7.82m to £8.05m in the year to May 2.

Stanley would normally net up to £300,000 from the Grand National. But offsetting the loss of the Aintree profit, it benefited from evening racing during the period. It would press, however, for a more "betting shop-friendly" racing schedule.

Stanley did not adopt FRS 3. Mr Paul Olive, financial director, said the standard would not have altered the year's results. The previous period

covered 53 weeks.

Mr Leonard Steinberg, chairman, said "turnover has gone up and we feel that the company and the industry generally has come out of recession." Turnover improved from £203.3m to £218.4m.

The company increased the number of its betting shops to 336 (314) at the year-end. The total currently stands at 355. The division contributed £198.6m (£174.5m) to turnover. The average stake, per slip increased to £3.45 (£3.35), however pre-tax profits fell to £5.76m (£6.22m).

The acquisition in February of the Surrey Group of betting shops in Scotland for £2.99m contributed 3 per cent of total turnover and £50,000 to

pre-tax profits.

The casino division, which accounts for about half of group turnover, now has 18 (17) outlets and contributed £8.73m (£5.94m) to pre-tax profits on increased sales, thanks mainly to cost control.

The snooker division made a small profit masked by its inclusion with central costs. Gearing rose to 36.8 per cent (35.3 per cent) on net debt of £24.2m (£29.5m). Net asset value per share rose to 210p, up 10 per cent on last year, in part as a result of a £5.24m surplus on property revaluation.

A proposed final dividend of 2.8p makes a 4.32p (4.16p adjusted) total. Earnings per share rose to 12.78p (12.32p restated).

Venture offshoot helps BWD to £1.81m

By Ian Hamilton Fawcett, Northern Correspondent

BWD SECURITIES, the USM-quoted stockbroking and financial services group, reported a 48 per cent rise in pre-tax profits to £1.81m for the six months to May 31.

The outcome also represented an increase of nearly 4 per cent on profits of £1.74m recorded in the last full year.

Turnover rose 34 per cent to £7.43m (£5.53m), partly reflecting steady increases in new clients nationwide for BWD Rensburg, its stockbroking arm, and expansion of Northern Registrars, the wholly owned share registry subsidiary.

Profits were helped by "significant uplift" at Capital for Companies, the Leeds-based venture offshoot, which raised £3m for assured tenancy schemes under the Business Expansion Scheme. Although the government is shutting down the BES in December, the schemes will yield annual fee income for five years.

The interim dividend is 1.5p (1.3p), payable from earnings per share of 6.6p (4.5p).

The group is placing 341,835 new shares at 95p each via James Capel, its broker, to fund the purchase of a 10,000 sq ft modern office block near its headquarters for Northern Registrars. The subsidiary now acts as registrar for about 70 companies and continuing expansion has seen it outgrow its existing offices.

The new shares will rank pari passu with the 18.03m existing shares but will not qualify for the interim dividend.

Tapping institutional investors

Has the nursing home sector saturated the market, asks Maggie Urry

THE POOR performance of Court Cavendish's shares in their first two days of trading as a quoted company has raised questions for investors who have chosen the nursing home sub-sector as a growth area.

Court Cavendish was floated at 225p a share, valuing the company at £51m. Its issue involved raising £40m through the sale of 17.7m new shares, as well as existing shareholders selling 2.66m shares.

Although the public offer was 2.2 times subscribed and allocations were scaled down, the shares had fallen to 198p by last night's close, 27p below the issue price.

Last week another nursing home group, CrestaCare, raised £33.3m through a placing, doubling its market value. There is also persistent speculation that Takare, the market leader, will return to the market for new equity in September - speculation described by Mr Hamilton Anstead, deputy managing director, as idle and irresponsible.

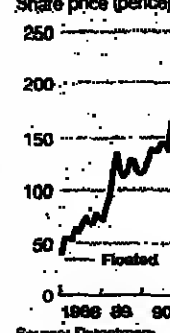
So has the healthy appetite for nursing home shares suddenly faded? CrestaCare's advisers say they found no difficulty in finding buyers for the company's new shares, even after a placing of over 20 per cent of the group's equity as recently as March.

One excuse put forward for Court Cavendish's dismal initial showing was that the CrestaCare placing - which came between the closing of Court Cavendish's offer and its first dealings - sated institutional investors' desire for stock.

When stages tried to sell their shares they found no institutional demand, and the weight of selling pushed Court Cavendish's price down.

Takare

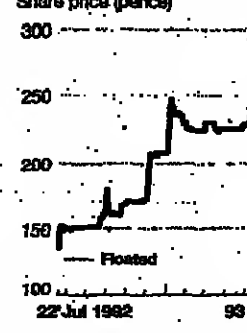
Share price (pence)



Source: Datastream

Quality Care Homes

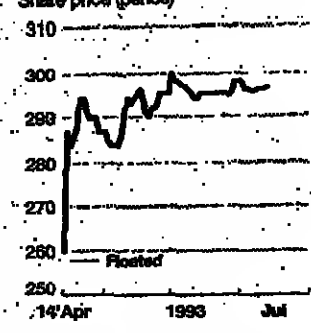
Share price (pence)



Source: Datastream

Westminster Health Care

Share price (pence)



Source: Datastream

But one institutional investor gave another reason. He believes that Court Cavendish, placed fifth in the market behind the likes of Takare and Westminster Health Care, was overpriced given its record - or even that it should not have floated at all.

He points to its record of losses since formation four years ago and a refinancing two years ago, in effect, he says, the flotation was another refinancing exercise. Court Cavendish is using the money to repay debt of £24.6m and to fund further expansion.

Others say that Court Cavendish's policy of buying nursing homes, many converted from old, large houses with extra accommodation added, compared badly with the policy of the market leaders of building their own homes to particular specifications.

Another consideration is that the industry has been affected by the changes to the government's funding of nursing home care on April 1, which has slightly depressed occupancy rates and put some pressure on pricing.

However, most accept that this is a short term effect, and in the longer term the reforms should increase private sector provision of nursing homes.

The wider question, though, is how long this young but fast-growing industry will need to suck in new equity capital to expand.

Once established with a high occupancy rate, nursing homes are highly cash generative. But even so the rapid expansion rates of many companies, which can see demand for beds fast outstripping supply, means relatively young companies cannot finance their expansion internally.

Takare, which joined the Official List in 1989, has raised £97.2m through three equity issues, and another £50m through a 30-year debenture secured on some of its homes.

At the time of its last placing in September 1991, which raised £35.4m, Takare promised not to issue more equity for two years, hence the speculation that it will come to the market this autumn.

But Mr Anstead says Takare has sufficient bank facilities

never to come to the equity market again, although conceding this would take its gearing to 100 per cent at some future date before rising cash flow brought debt down once more. He says the company is not ruling out an equity issue but will not make one if there is not the appetite for it.

Mr Kent Phippen, finance director of Westminster Health Care, which floated in April with an issue raising £63m, says that there are early signs of a leasing market for nursing homes developing in the UK. Such a market operates well in the US, but may take a couple of years before opening here.

He believes that with many homes operated under long-term contract to health authorities, the guaranteed revenue stream should entice institutions more used to investing in office blocks.

All in all, there is still confidence that Court Cavendish's experience of apparently poor institutional demand for its shares should not put a damper on the industry as a whole.

Widney to buy SPC for £4m

By John Murrell

WIDNEY, a maker of windows and water treatment, power transmission and electronic equipment, has entered into a conditional agreement to acquire SPC International for a maximum £4m.

The company's shares were suspended at 7p last month pending the announcement of an acquisition. Dealings were restored yesterday and the shares closed at 8p.

The principal activity of SPC, which was formed in 1989, is the purchase, refurbishment and resale of electronic point of sale systems, cash dispensing equipment and financial terminals for use in banks and shops worldwide.

The initial consideration of £3.2m will be satis-

fied via the allotment of 42.87m new shares, of which 23.47m are being placed on behalf of the vendors at 74p to raise some £1.76m.

Deferred consideration of up to £200,000 is dependent on profits. Widney intends to raise a further £2.73m by the issue of an additional 36.41m new shares at 74p to improve working capital and to cover the costs of the purchase.

Accordingly, a total of 79.08m new shares will be issued of which 19.2m, representing 14 per cent of the enlarged capital, will be retained by the vendors.

The vendors of SPC have undertaken that profits before tax for the year ended June will be not less than £300,000 (£287,000) and that net assets at completion will be not less than £1.25m.

NEWS DIGEST

Nobo shows 49% growth to £1.65m

NOBO Group, a manufacturer of office and business products, returned profits of £1.65m pre-tax for the year to end-April, an improvement of 49 per cent over last time's £1.11m.

The figure was helped by a £187,000 reduction in interest charges to £476,000. Turnover was static at £21.1m - Nobo disposed of its office furniture business in October last year. Turnover of the core business of visual aids and desk top accessories increased by 6 per cent.

A proposed final dividend of 3.3p makes a 4.8p (3.5p) total. Earnings improved from 6.34p to 10.41p per share. Year-end gearing was cut to 32 per cent (60 per cent) helped by cash flow from the disposal and the placing of 526,660 new shares in March.

Johnson Matthey sees improvement

There were "signs of improvement" in some of the most important markets served by Johnson Matthey, the world's biggest platinum group metals marketing group, reported Mr David Davies, chairman, at the annual meeting.

In particular, recovery in the US had benefited North American sales by the catalytic systems and materials technology divisions.

The recent improvement in platinum, palladium and gold prices had largely offset a further fall in the price of rhodium, Mr Davies pointed out.

He reported that more than 90 per cent of shareholders had accepted an enhanced scrip

alternative to the final dividend which would save the group £3.8m of advance corporation tax and also benefit shareholders.

Strong asset rise at M&G Dual Trust

Net asset value at the M&G Dual Trust was £26.68 per capital share at June 30, up from £21.73 a year earlier.

The trust's capital is fully invested in the M&G General Trust Fund, distribution from which dipped to £2.2m (£2.34m) over the six month period.

The interim dividend is held at 30.55p and directors forecast a maintained final of 38.55p.

North Housing Ass to build 1,750 homes

North Housing Association achieved a surplus of £13.7m from turnover of £41.5m in the year to end-March, despite the continuing decline in "right to buy" sales, which contributed £900,000 less than last year.

The outcome compared with a surplus of £12.2m from turnover of £37.3m last year.

Directors said the total surplus would be reinvested for the benefit of people in housing need. The association intends to start building 1,750 new homes in the current year, for which the expected total expenditure is £76m.

Bogod declines 10% to £232,000

Bogod Group, which sells sewing machines, parts and accessories, saw pre-tax profits dip 10 per cent, from £259,000 to £232,000, over the 12 months to March 31. Turnover showed little change at £5.72m.

A recommended final dividend of 0.5p maintains the

total of the A shares at 0.7p, payable from earnings of 2.58p (2.99p) per share.

Pict sells stake in Edinburgh Oil

Pict Petroleum, the oil and gas exploration and production group, has sold its stake in USM-quoted Edinburgh Oil & Gas.

The 2.66m shares, representing some 15.2 per cent of Edinburgh's equity, have been acquired by Liverpool Limited Partnership.

Graystone redeems £3.25m of loan note

Graystone, the engineering components company, has completed negotiations for the redemption of half of the £6.5m loan note issued to Prospect Industries in payment for its acquisition in November.

Graystone has redeemed £3.25m nominal of the loan note for £2.08m. In addition it has agreed revised terms with Prospect in the event of a redemption of the balance.

Graystone also said it intended to apply to the High Court to reorganise and reduce its share capital.

Telemetrix arm buys in east Germany

Zetex, the wholly owned specialist semiconductor subsidiary of Telemetrix, has acquired certain plant and equipment located at Neuhaus, Thuringia in Germany, for the assembly of discrete surface mount semiconductors.

A consideration of a nominal DM1 is payable to the Treuhanderstat. Telemetrix said the open market value of the plant and equipment acquired was about £1m.

SAVILLS plc - 1993 RESULTS

For the year ended 30 April 1993

Increased turnover £25.3m (1992 - £23.7m)

Profit £1.44m (1992 - loss £2.86m)

Final dividend 1.0p (net) per share (1992 - nil)

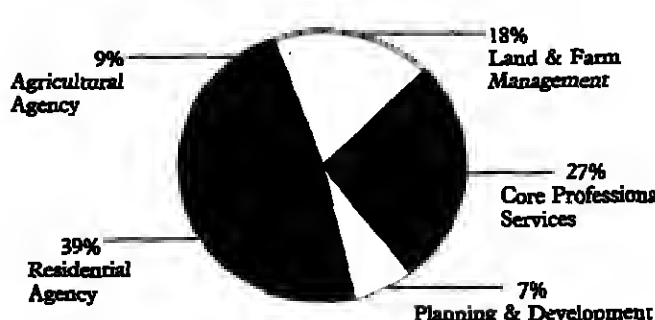
Cash net of finance leases £4.44m (1992 - £945,000)

"We do not forget that first and foremost our business depends on our clients and we shall live up to our corporate aim - to provide property services of uncompromising quality which add value to our clients' business objectives."

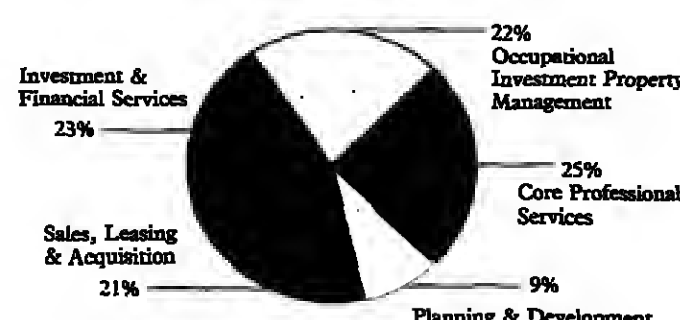
George Inge FRICS, Chairman, Savills plc

The 1992/3 fee income of the two principal subsidiaries is attributed to the following areas of business:

SAVILLS AGRICULTURAL & RESIDENTIAL



SAVILLS COMMERCIAL



For further information or a copy of the Report & Accounts, please contact:

Aubrey Adams, Managing Director Savills plc, Telephone: 071-499 8644/Fax: 071-495 3773

SAVILLS

20 Grosvenor Hill, Berkeley Square, London W1X 0HQ

AUSTRIA - BELGIUM - CZECH REPUBLIC - FRANCE - GERMANY - HONG KONG - HUNGARY
ITALY - PORTUGAL - SPAIN - SWITZERLAND - UNITED KINGDOMTHIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY
July 1993

Hemingway Properties PLC

Issue by way of a Private Placement of

£20,000,000

10 1/2 per cent. First Mortgage Debenture Stock 2023

Arranged and placed by



NATWEST CAPITAL MARKETS

NatWest Markets

NatWest Capital Markets Limited is a member of The Securities and Futures Authority and acts solely as agent for National Westminster Bank Plc a member of Lloyds

Switching talk again weakens shares

By Steve Thompson

FURTHER HINTS around the City that another big international switching operation out of UK equities could have been set in train saw London's equity market deliver another disappointing performance yesterday.

The FT-SE 100 index closed 4.8 lower at 2,832.3, ignoring a welter of positive factors, including the lowest UK headline inflation figure for around 30 years, a strong gilt-edged market and a firm opening performance by Wall Street.

The major bearish factors affecting the market included substantial weakness in the food retailing and manufacturing sectors, the brewing sector, power generation stocks, media and aerospace issues. And there were lingering fears that the completion of the BT3 flotation could bring a series of large rights issues.

Significantly, the weakness in UK stocks was not confined to the leaders: the FT-SE Mid 250 stocks also came under pressure, leaving the Mid 250 index 7.5 down at 3,222.5.

Activity in the market was a relatively high 612.7m shares, with non-Footsie stocks accounting for 55 per cent of the day's business, well down on recent levels. Dealers pointed out that customer business rose sharply on Tuesday when the value of retail activity

was worth almost £1.6bn, the highest single day total since May 20, Tuesday was featured by a string of heavy programme trades.

The session began with share prices under minor downward pressure, reflecting the easier overnight performance by Wall Street and continuing concern over the recent poor showing by London in the face of the good

news on UK manufacturing and output data published on Tuesday.

The inflation news, revealed in mid-morning, showed headline inflation at a 30-year low and the underlying rate at a 25-year low. While it transpired the gilt market, where long-dated stocks raced higher, it failed to trigger any substantial support for equities.

Share prices weakened significantly over the lunchtime

period, with the FT-SE 100 dropping to a session low of 2,826.7, a fall of 10.4, before stabilising as Wall Street opened in positive territory.

The story of another switching operation being carried out followed hints that one of the big international broking houses had taken out a very big over-the-counter put option

on the London equity market. The sharp sell off that hit the London market last week was attributed to heavy switching, mainly by US institutions, out of UK equities and into the German market.

Other traders, however, said the weakness in the market was because of more mundane factors such as the continuing backbuilding process in BT3 where the UK public part of the offer closed yesterday. "It's the summer, BT3 is there to distract us and the market is struggling to find a support level," said one strategist although he conceded the market could be due a bounce.

Sterling's strong rise, against both the dollar and the D-mark, hit the big overseas earnings.

Abbey National, earlier recently on a series of broker sell notes, topped the list of active agency crosses. But Standard Chartered, where talk of rights issues and takeovers were both heard, surged ahead to an all-time record.

Account Dealing Dates
 Jul 14 change % Jul 13 Jul 12 Jul 11
 FT-SE 100 2832.3 -4.8
 FT-SE Mid 250 3222.5 -7.5
 FT-SE All-Share 1405.97 -2.47

Hourly movements
 FT-SE 100 2832.3 2831.4 2830.5 2829.5 2828.5 2827.5 2826.5 2825.5 2824.5 2823.5 2822.5 2821.5 2820.5 2819.5 2818.5 2817.5 2816.5 2815.5 2814.5 2813.5 2812.5 2811.5 2810.5 2809.5 2808.5 2807.5 2806.5 2805.5 2804.5 2803.5 2802.5 2801.5 2800.5 2799.5 2798.5 2797.5 2796.5 2795.5 2794.5 2793.5 2792.5 2791.5 2790.5 2789.5 2788.5 2787.5 2786.5 2785.5 2784.5 2783.5 2782.5 2781.5 2780.5 2779.5 2778.5 2777.5 2776.5 2775.5 2774.5 2773.5 2772.5 2771.5 2770.5 2769.5 2768.5 2767.5 2766.5 2765.5 2764.5 2763.5 2762.5 2761.5 2760.5 2759.5 2758.5 2757.5 2756.5 2755.5 2754.5 2753.5 2752.5 2751.5 2750.5 2749.5 2748.5 2747.5 2746.5 2745.5 2744.5 2743.5 2742.5 2741.5 2740.5 2739.5 2738.5 2737.5 2736.5 2735.5 2734.5 2733.5 2732.5 2731.5 2730.5 2729.5 2728.5 2727.5 2726.5 2725.5 2724.5 2723.5 2722.5 2721.5 2720.5 2719.5 2718.5 2717.5 2716.5 2715.5 2714.5 2713.5 2712.5 2711.5 2710.5 2709.5 2708.5 2707.5 2706.5 2705.5 2704.5 2703.5 2702.5 2701.5 2700.5 2699.5 2698.5 2697.5 2696.5 2695.5 2694.5 2693.5 2692.5 2691.5 2690.5 2689.5 2688.5 2687.5 2686.5 2685.5 2684.5 2683.5 2682.5 2681.5 2680.5 2679.5 2678.5 2677.5 2676.5 2675.5 2674.5 2673.5 2672.5 2671.5 2670.5 2669.5 2668.5 2667.5 2666.5 2665.5 2664.5 2663.5 2662.5 2661.5 2660.5 2659.5 2658.5 2657.5 2656.5 2655.5 2654.5 2653.5 2652.5 2651.5 2650.5 2649.5 2648.5 2647.5 2646.5 2645.5 2644.5 2643.5 2642.5 2641.5 2640.5 2639.5 2638.5 2637.5 2636.5 2635.5 2634.5 2633.5 2632.5 2631.5 2630.5 2629.5 2628.5 2627.5 2626.5 2625.5 2624.5 2623.5 2622.5 2621.5 2620.5 2619.5 2618.5 2617.5 2616.5 2615.5 2614.5 2613.5 2612.5 2611.5 2610.5 2609.5 2608.5 2607.5 2606.5 2605.5 2604.5 2603.5 2602.5 2601.5 2600.5 2599.5 2598.5 2597.5 2596.5 2595.5 2594.5 2593.5 2592.5 2591.5 2590.5 2589.5 2588.5 2587.5 2586.5 2585.5 2584.5 2583.5 2582.5 2581.5 2580.5 2579.5 2578.5 2577.5 2576.5 2575.5 2574.5 2573.5 2572.5 2571.5 2570.5 2569.5 2568.5 2567.5 2566.5 2565.5 2564.5 2563.5 2562.5 2561.5 2560.5 2559.5 2558.5 2557.5 2556.5 2555.5 2554.5 2553.5 2552.5 2551.5 2550.5 2549.5 2548.5 2547.5 2546.5 2545.5 2544.5 2543.5 2542.5 2541.5 2540.5 2539.5 2538.5 2537.5 2536.5 2535.5 2534.5 2533.5 2532.5 2531.5 2530.5 2529.5 2528.5 2527.5 2526.5 2525.5 2524.5 2523.5 2522.5 2521.5 2520.5 2519.5 2518.5 2517.5 2516.5 2515.5 2514.5 2513.5 2512.5 2511.5 2510.5 2509.5 2508.5 2507.5 2506.5 2505.5 2504.5 2503.5 2502.5 2501.5 2500.5 2499.5 2498.5 2497.5 2496.5 2495.5 2494.5 2493.5 2492.5 2491.5 2490.5 2489.5 2488.5 2487.5 2486.5 2485.5 2484.5 2483.5 2482.5 2481.5 2480.5 2479.5 2478.5 2477.5 2476.5 2475.5 2474.5 2473.5 2472.5 2471.5 2470.5 2469.5 2468.5 2467.5 2466.5 2465.5 2464.5 2463.5 2462.5 2461.5 2460.5 2459.5 2458.5 2457.5 2456.5 2455.5 2454.5 2453.5 2452.5 2451.5 2450.5 2449.5 2448.5 2447.5 2446.5 2445.5 2444.5 2443.5 2442.5 2441.5 2440.5 2439.5 2438.5 2437.5 2436.5 2435.5 2434.5 2433.5 2432.5 2431.5 2430.5 2429.5 2428.5 2427.5 2426.5 2425.5 2424.5 2423.5 2422.5 2421.5 2420.5 2419.5 2418.5 2417.5 2416.5 2415.5 2414.5 2413.5 2412.5 2411.5 2410.5 2409.5 2408.5 2407.5 2406.5 2405.5 2404.5 2403.5 2402.5 2401.5 2400.5 2399.5 2398.5 2397.5 2396.5 2395.5 2394.5 2393.5 2392.5 2391.5 2390.5 2389.5 2388.5 2387.5 2386.5 2385.5 2384.5 2383.5 2382.5 2381.5 2380.5 2379.5 2378.5 2377.5 2376.5 2375.5 2374.5 2373.5 2372.5 2371.5 2370.5 2369.5 2368.5 2367.5 2366.5 2365.5 2364.5 2363.5 2362.5 2361.5 2360.5 2359.5 2358.5 2357.5 2356.5 2355.5 2354.5 2353.5 2352.5 2351.5 2350.5 2349.5 2348.5 2347.5 2346.5 2345.5 2344.5 2343.5 2342.5 2341.5 2340.5 2339.5 2338.5 2337.5 2336.5 2335.5 2334.5 2333.5 2332.5 2331.5 2330.5 2329.5 2328.5 2327.5 2326.5 2325.5 2324.5 2323.5 2322.5 2321.5 2320.5 2319.5 2318.5 2317.5 2316.5 2315.5 2314.5 2313.5 2312.5 2311.5 2310.5 2309.5 2308.5 2307.5 2306.5 2305.5 2304.5 2303.5 2302.5 2301.5 2300.5 2299.5 2298.5 2297.5 2296.5 2295.5 2294.5 2293.5 2292.5 2291.5 2290.5 2289.5 2288.5 2287.5 2286.5 2285.5 2284.5 2283.5 2282.5 2281.5 2280.5 2279.5 2278.5 2277.5 2276.5 2275.5 2274.5 2273.5 2272.5 2271.5 2270.5 2269.5 2268.5 2267.5 2266.5 2265.5 2264.5 2263.5 2262.5 2261.5 2260.5 2259.5 2258.5 2257.5 2256.5 2255.5 2254.5 2253.5 2252.5 2251.5 2250.5 2249.5 2248.5 2247.5 2246.5 2245.5 2244.5 2243.5 2242.5 2241.5 2240.5 2239.5 2238.5 2237.5 2236.5 2235.5 2234.5 2233.5 2232.5 2231.5 2230.5 2229.5 2228.5 2227.5 2226.5 2225.5 2224.5 2223.5 2222.5 2221.5 2220.5 2219.5 2218.5 2217.5 2216.5 2215.5 2214.5 2213.5 2212.5 2211.5 2210.5 2209.5 2208.5 2207.5 2206.5 2205.5 2204.5 2203.5 2202.5 2201.5 2200.5 2199.5 2198.5 2197.5 2196.5 2195.5 2194.5 2193.5 2192.5 2191.5 2190.5 2189.5 2188.5 2187.5 2186.5 2185.5 2184.5 2183.5 2182.5 2181.5 2180.5 2179.5 2178.5 2177.5 2176.5 2175.5 2174.5 2173.5 2172.5 2171.5 2170.5 2169.5 2168.5 2167.5 2166.5 2165.5 2164.5 2163.5 2162.5 2161.5 2160.5 2159.5 2158.5 2157.5 2156.5 2155.5 2154.5 2153.5 2152.5 2151.5 2150.5 2149.5 2148.5 2147.5 2146.5 2145.5 2144.5 2143.5 2142.5 2141.5 2140.5 2139.5 2138.5 2137.5 2136.5 2135.5 2134.5 2133.5 2132.5 2131.5 2130.5 2129.5 2128.5 2127.5 2126.5 2125.5 2124.5 2123.5 2122.5 2121.5 2120.5 2119.5 2118.5 2117.5 2116.5 2115.5 2114.5 2113.5 2112.5 2111.5 2110.5 2109.5 2108.5 2107.5 2106.5 2105.5 2104.5 2103.5 2102.5 2101.5 2100.5 2099.5 2098.5 2097.5 2096.5 2095.5 2094.5 2093.5 2092.5 2091.5 2090.5 2089.5 2088.5 2087.5 2086.5 2085.5 2084.5 2083.5 2082.5 2081.5 2080.5 2079.5 2078.5 2077.5 2076.5 2075.5 2074.5 2073.5 2072.5 2071.5 2070.5 2069.5 2068.5 2067.5 2066.5 2065.5 2064.5 2063.5 2062.5 2061.5 2060.5 2059.5 2058.5 2057.5 2056.5 2055.5 2054.5 2053.5 2052.5 2051.5 2050.5 2049.5 2048.5 2047.5 2046.5 2045.5 2044.5 2043.5 2042.5 2041.5 2040.5 2039.5 2038.5 2037.5 2036.5 2035.5 2034.5 2033.5 2032.5 2031.5 2030.5 2029.5 2028.5 2027.5 2026.5 2025.5 2024.5 2023.5 2022.5 2021.5 2020.5 2019.5 2018.5 2017.5 2016.5 2015.5 2014.5 2013.5 2012.5 2011.5 2010.5 2009.5 2008.5 2007.5 2006.5 2005.5 2004.5 2003.5 2002.5 2001.5 2000.5 1999.5 1998.5 1997.5 1996.5 1995.5 1994.5 1993.5 1992.5 1991.5 1990.5 1989.5 1988.5 1987.5 1986.5 1985.5 1984.5 1983.5 1982.5 1981.5 1980.5 1979.5 1978.5 1977.5 1976.5 1975.5 1974.5 1973.5 1972.5 1971.5 1970.5 1969.5 1968.5 1967.5 1966.5 1965.5 1964.5 1963.5 1962.5 1961.5 1960.5 1959.5 1958.5 1957.5 1956.5 1955.5 1954.5 1953.5 1952.5 1951.5 1950.5 1949.5 1948.5 1947.5 1946.5 1945.5 1944.5 1943.5 1942.5 1941.5 1940.5 1939.5 1938.5 1937.5 1936.5 1935.5 1934.5 1933.5 1932.5 1931.5 1930.5 1929.5 1928.5 1927.5 1926.5 1925.5 1924.5 1923.5 1922.5 1921.5 1920.5 1919.5 1918.5 1917.5 1916.5 1915.5 1914.5 1913.5 1912.5 1911.5 1910.5 1909.5 1908.5 1907.5 1906.5 1905.5 1904.5 1903.5 1902.5 1901.5 1900.5 1899.5 1898.5 1897.5 1896.5 1895.5 1894.5 1893.5 1892.5 1891.5 1890.5 1889.5 1888.5 1887.5 1886.5 1885.5 1884.5 1883.5 1882.5 1881.5 1880.5 1879.5 1878.5 1877.5 1876.5 1875.5 1874.5 1873.5 1872.5 1871.5 1870.5 1869.5 1868.5 1867.5 1866.5 1865.5 1864.5 1863.5 1862.5 1861.5 1860.5 1859.5 1858.5 1857.5 1856.5 1855.5 1854.5 1853.5 1852.5 1851.5 1850.5 1849.5 1848.5 1847.5 1846.5 1845.5 1844.5 1843.5 1842.5 1841.5 1840.5 1839.5 1838.5 1837.5 1836.5 1835.5 1834.5 1833.5 1832.5 1831.5 1830.5 1829.5 1828.5 1827.5 1826.5 1825.5 1824.5 1823.5 1822.5 1821.5 1820.5 1819.5 1818.5 1817.5 1816.5 1815.5 1814.5 1813.5 1812.5 1811.5 1810.5 1809.5 1808.5 1807.5 1806.5 1805.5 1804.5 1803.5 1802.5 1801.5 1800.5 1799.5 1798.5 1797.5 1796.5 1795.5 1794.5 1793.5 1792.5 1791.5 1790.5 1789.5 1788.5 1787.5 1786.5 1785.5 1784.5 1783.5 1782.5 1781.5 1780.5 1779.5 1778.5 1777.5 1776.5 1775.5 1774.5 1773.5 1772.5 1771.5 1770.5 1769.5 1768.5 1767.5 1766.5 1765.5 1764.5 1763.5 1762.5 1761.5 1760.5 1759.5 1758.5 1757.5 1756.5 1755.5 1754.5 1753.5 1752.5 1751.5 1750.5 1749.5 1748.5 1747.5 1746.5 1745.5 1744.5 1743.5 1742.5 1741.5 1740.5 1739.5 1738.5 1737.5 1736.5 1735.5 1734.5 1733.5 1732.5 1731.5 1730.5 1729.5 1728.5 1727.5 1726.5 1725.5 1724.5 1723.5 1722.5 1721.5 1720.5 1719.5 1718.5 1717.5 1716.5 1715.5 1714.5 1713.5 1712.5 1711.5 1710.5 1709.5 1708.5 1707.5 1706.5 1705.5 1704.5 1703.5 1702.5 1701.5 1700.5 1699.5 1698.5 1697.5 1696.5 1695.5 1694.5 1693.5 1692.5 1691.5 1690.5 1689.5 1688.5 1687.5 1686.5 1685.5 1684.5 1683.5 1682.5 1681.5 1680.5 1679.5 1678.5 1677.5 1676.5 1675.5 1674.5 1673.5 1672.5 1671.5 1670.5 1669.5 1668.5 1667.5 1666.5 1665.5 1664.5 1663.5 1662.5 1661.5 1660.5 1659.5 1658.5 1657.5 1656.5 1655.5 1654.5 1653.5 1652.5 1651.5 1650.5 1649.5 1648.5 1647.5 1646.5 1645.5 1644.5 1643.5 1642.5 1641.5 1640.5 1639.5 1638.5 1637.5 1636.5 1635.5 1634.5 1633.5 1632.5 1631.5 1630.5 1629.5 1628.5 1627.5 1626.5 1625.5 1624.5 1623.5 1622.5 1621.5 1620.5 1619.5 1618.5 1617.5 1616.5 1615.5 1614.5 1613.5 1612.5 1611.5 1610.5 1609.5 1608.5 1607.5 1606.5 1605.5 1604.5 1603.5 1602.5 1601.5 1600.5 1599.5 1598.5 1597.5 1596.5 1595.5 1594.5 1593.5 1592.5 1591.5 1590.5 1589.5 1588.5 1587.5 1586.5 1585.5 1584.5 1583.5 1582.5 1581.5 1580.5 1579.5 1578.5 1577.5 1576.5 1575.5 1574.5 1573.5 1572.5 1571.5 1570.5 1569.5 1568.5 1567.5 1566.5 1565.5 1564.5 1563.5 1562.5 1561.5 1560.5 1559.5 1558.5 1557.5 1556.5 1555.5 1554.5 1553.5 1552.5 1551.5 1550.5 1549.5 1548.5 1547.5 1546.5 1545.5 1544.5 1543.5 1542.5 1541.5 1540.5 1539.5 1538.5 1537.5 1536.5 1535.5 1534.5 1533.5 1532.5 1531.5 1530.5 1529.5 1528.5 1527.5 1526.5 1525.5 1524.5 1523.5 1522.5 1521.5 1520.5 1519.5 1518.5 1517.5 1516.5 1515.5 1514.5 1513.5 1512.5 1511.5 1510.5 1509.5 1508.5 1507.5 1506.5 1505.5 1504.5 1503.5 1502.5 1501.5 1500.5 1499.5 1498.5 1497.5 1496.5 1495.5 1494.5 1493.5 1492.5 1491.5 1490.5 1489.5 1488.5 1487.5 1486.5 1485.5 1484.5 1483.5 1482.5 1481.5 1480.5 1479.5 1478.5 1477.5 1476.5 1475.5 1474.5 1473.5 1472.5 1471.5 1470.5 1469.5 1468.5 1467.5 1466.5 1465.5 1464.5 1463.5 1462.5 1461.5 1460.5 1459.5 1458.5 1457.5 1456.5 1455.5 1454.5 1453.5 1452.5 1451.5 1450.5 1449.5 1448.5 1447.5 1446.5 1445.5 1444.5 1443.5 1442.5 1441.5 1440.5 1439.5 1438.5 1437.5 1436.5 1435.5 1434.5 1433.5 1432.5 1431.5 1430.5 1429.5 1428.5 1427.5 1426.5 1425.5 1424.5 1423.5 1422.5 1421.5 1420.5 1419.5 1418.5 1417.5 1416.5 1415.5 1414.5 1413.5 1412.5 1411.5 1410.5 1409.5 1408.5 1407.5 1406.5 1405.5 1404.5 1403.5 1402.5 1401.5 1400.5 1399.5 1398.5 1397.5 1396.5 1395.5 1394.5 1393.5 1392.5 1391.5 1390.5 1389.5 1388.5 1387.5 1386.5 1385.5 1384.5 1383.5 1382.5 1381.5 1380.5 1379.5 1378.5 1377.5 1376.5 1375.5 1374.5 1373.5 1372.5 1371.5 1370.5 1369.5 1368.5 1367.5 1366.5 1365.5 1364.5 1363.5 1362.5 1361.5 1360.5 1359.5 1358.5 1357.5 1356.5 1355.5 1354.5 1353.5 1352.5 1351.5 1350.5 1349.5 1348.5 1347.5 1346.5 1345.5 1344.5 1343.5 1342.5 1341.5 1340.5 1339.5 1338.5 1337.5 1336.5 1335.5 1334.5 1333.5 1332.5 1331.5 1330.5 1329.5 1328.5 1327.5 1326.5 1325.5 1324.5 1323.5 1322.5 1321.5 1320.5 1319.5 1318.5 1317.5 1316.5 1315.5 1314.5 1313.5 1312.5 1311.5 1310.5 1309.5 1308.5 1307.5 1306.5 1305.5 1304.5 1303.5 1302.5 1301.5 1300.5 1299.5 1298.5 1297.5 1296.5 1295.5 1294.5 1293.5 1292.5 1291.5 1290.5 1

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust Name	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	59
------------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	----

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (771) 873-4378 for more details.

OTHER UK UNIT TRUSTS

OFFSHORE INSURANCES

OFFSHORE INSURANCES

فلا منة الاصل

22

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKET FUNDS

FOREIGN EXCHANGES

No holiday for the ERM

Several European central banks spent the French Bastille day holiday intervening to support existing ERM parities, writes Stephanie Flinders.

Both the French franc and the Danish krone were under persistent speculative pressure yesterday, despite a limited cut in the German repo rate, frequent intervention by the German, French, Danish and Dutch central banks and a vow of support from France's President Mitterrand.

The Danish currency began the day at the bottom of the ERM grid. Traders claimed that the Dutch and Danish governments had intervened in the market repeatedly during the day. The Krone closed at Dkr3.861 against the D-Mark, only slightly above its floor of Dkr3.8016. Also catching the markets' attention was the Spanish peseta, which lost more than 15 pesetas against the D-Mark to close at 78.70.

Many traders thought that the Krone and the peseta had diverted speculators' energies from the franc, but it was not left untouched. The French currency lost ground during the night and in morning trading on European markets, at times touching the

FFr3.42 level for the first time this week.

Analysts were unimpressed with the 2 basis points cut in the German repo rate, taking it as a sign that there will be no cut in official German rates at today's Bundesbank meeting. However, many market traders are still looking for a German cut, and may react aggressively if this does not transpire.

Frequent small but public interventions by the Bundesbank held the franc within a FFr3.415-3.420 range. But the Bank of France also intervened, using a large common official bank as an intermediary to purchase francs outside the country. The French unit closed in London at FFr3.417 against the D-Mark, down from the previous day's FFr3.414.

In stark contrast to events on the continent, sterling yesterday continued to make steady gains against the dollar and the D-Mark. Sterling

closed at \$1.5025, nearly a cent higher than the previous close of \$1.493. It showed even more strength against the ERM currencies, gaining nearly a penny to close at the Dm2.5776.

In recent months, a number of dealers have claimed that Dm2.58 was an important barrier. Although the pound may be experiencing some 'safe haven' gains from developments in the ERM, many in the market consider the British currency's recent strength to be long term. "The rise in sterling is a continuation of the effect of Tuesday's output figures," commented one London dealer. "It is driven more by the all-round positive outlook for the economy, than any temporary ERM excitement."

The dollar weakened considerably, with subdued US producer price figures and profit taking between them taking the US currency down from yesterday's close of Dm 1.721 to close at Dm1.716.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% Change	% Spread	Overnight
Portuguese Escudo	100	180.854	-0.31	4.85	42
Spanish Peseta	100	166.250	-1.27	2.22	22
Dutch Guilder	100	2.18362	-0.06	2.22	22
Italian Lira	1,000	1,366.000	0.00	2.22	22
D-Mark	100	1.49314	0.00	2.22	22
French Franc	100	1.36600	0.00	2.22	22
Swiss Franc	100	1.48353	0.00	2.22	22
Denmark Krone	100	7.46076	0.00	2.22	22

US central bank cut by the European Commission. Currencies are in descending order of strength. Percentage changes are for ECU, a positive change denotes a week currency. Overights show the rate between two consecutive days. The percentage difference between the actual market and the ECU central bank rate for a currency, and the changes permitted percentage deviation of the currency's market rate from its ECU central bank rate. 1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jul 14	Jul 15	Previous
2 spot	1.5015-1.5025	1.4975-1.4985
1 month	1.5015-1.5025	1.4975-1.4985
3 months	1.5015-1.5025	1.4975-1.4985
12 months	1.5015-1.5025	1.4975-1.4985

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Jul 14	Jul 15	Previous
US dollar	61.5	60.7
West Germany	61.5	60.7
France	61.5	60.7
Italy	61.5	60.7
Spain	61.5	60.7
Japan	61.5	60.7
Sweden	61.5	60.7
Belgium	61.5	60.7
Netherlands	61.5	60.7
Portugal	61.5	60.7
Greece	61.5	60.7
Switzerland	61.5	60.7
Austria	61.5	60.7
Denmark	61.5	60.7
Finland	61.5	60.7
Ireland	61.5	60.7
United Kingdom	61.5	60.7

5 Bank rate refers to central bank discount rate. These are not quoted by the US, South and India. 1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

1/100000 Sterling and Italian Lira suspended from EMS. Adjustment calculated by Financial Times.

FINANCIAL FUTURES AND OPTIONS

Strike	Call	Put	Settlement
107	0.15	0.11	1.01
108	0.21	0.05	1.01
109	0.27	0.01	1.01
110	0.34	0.00	1.01
111	0.41	0.00	1.01
112	0.48	0.00	1.01
113	0.55	0.00	1.01
114	0.62	0.00	1.01
115	0.69	0.00	1.01
116	0.76	0.00	1.01
117	0.83	0.00	1.01
118	0.90	0.00	1.01
119	0.97	0.00	1.01
120	1.04	0.00	1.01
121	1.11	0.00	1.01
122	1.18	0.00	1.01
123	1.25	0.00	1.01
124	1.32	0.00	1.01
125	1.39	0.00	1.01
126	1.46	0.00	1.01
127	1.53	0.00	1.01
128	1.60	0.00	1.01
129	1.67	0.00	1.01
130	1.74	0.00	1.01
131	1.81	0.00	1.01
132	1.88	0.00	1.01
133	1.95	0.00	1.01
134	2.02	0.00	1.01
135	2.09	0.00	1.01
136	2.16	0.00	1.01
137	2.23	0.00	1.01
138	2.30	0.00	1.01
139	2.37	0.00	1.01
140	2.44	0.00	1.01
141	2.51	0.00	1.01
142	2.58	0.00	1.01
143	2.65	0.00	1.01
144	2.72	0.00	1.01
145	2.79	0.00	1.01
146	2.86	0.00	1.01
147	2.93	0.00	1.01
148	3.00	0.00	1.01
149	3.07	0.00	1.01
150	3.14	0.00	1.01
151	3.21	0.00	1.01
152	3.28	0.00	1.01
153	3.35	0.00	1.01
154	3.42	0.00	1.01
155	3.49	0.00	1.01
156	3.56	0.00	1.01
157	3.63	0.00	1.01
158	3.70	0.00	1.01
159	3.77	0.00	1.01
160	3.84	0.00	1.01
161	3.91	0.00	1.01
162	3.98	0.00	

CANADA

Sales	Stock	High	Low	Close	Change	Sales	Stock	High	Low	Close	Change
TORONTO											
4 pm close July 14											
Quotations in cents unless marked 6											
1395	Abn-Am	\$13 1/2	13 1/4	13 1/2		70187	Echo Bay	\$16 1/4			
112129	Agri-Gen	\$14 1/4	13 3/4	14 1/4	+ 1/4	28300	Essex Ltd	\$7 3/4			
21118	Al Can	300	240	240	-10	1100	Empire	\$12 3/4			
3120	Al Can	\$21 1/4	20 1/2	20 1/4	- 1/4	3275	Kan Dev	\$2 1/4			
4280	Aluminum	187 1/2	17 1/2	17 1/2	- 1/2	900	PPS Ltd	350			
54072	Aluminum	\$16 1/4	16 1/4	16 1/4		11900	Powercor	\$25 1/4			
105040	Am Beer	\$3 1/4	3 1/4	3 1/4		33300	Putnam	\$17 1/2			
14800	Am Can	\$14 1/4	14 1/4	14 1/4		3227	Real Estate	\$2 1/4			
205800	Bk Monty	\$25 1/2	25 1/2	25 1/2	+ 1/2	5850	Shaw	\$10 1/2			
143770	Bank	\$14 1/4	14 1/4	14 1/4		52000	Four Seasons	\$11 1/2			
23600	Bk Sugar	\$8 1/4	8 1/4	8 1/4		1180	Franklin	\$2 1/4			
110357	BCE Inc	\$14 1/4	14 1/4	14 1/4		1180	Gordon's	\$18 1/2			
12400	Bathurst	18 1/2	17 1/2	17 1/2	- 1/2	3500	Hecla Gold	\$14 1/2			
11124	BELL	\$12 1/2	11 1/2	11 1/2	- 1/2	3500	Gamco Ltd	\$10 1/2			
54072	Bell Canada	\$12 1/2	11 1/2	11 1/2	- 1/2	3500	Gamco Ltd	\$10 1/2			
24528	Bow Valley	\$14 1/4	13 1/4	13 1/4	- 1/4	3500	Gamco Ltd	\$10 1/2			
25480	Brantford	\$14 1/4	13 1/4	13 1/4	- 1/4	3500	Gamco Ltd	\$10 1/2			
54072	Brantford	\$14 1/4	13 1/4	13 1/4	- 1/4	3500	Gamco Ltd	\$10 1/2			
60000	Bromfield	\$14 1/4	13 1/4	13 1/4	- 1/4	3500	Gamco Ltd	\$10 1/2			
7372	BC Tel	\$20 1/2	20 1/2	20 1/2		3500	Gamco Ltd	\$10 1/2			
4304	Bruner	\$21 1/2	21 1/2	21 1/2		3500	Gamco Ltd	\$10 1/2			
4 Bruner	21 1/2	21 1/2	21 1/2	21 1/2		3500	Gamco Ltd	\$10 1/2			
101180	CME Ind	495	480	495	+10	1400	Hawker	\$21 1/2			
19780	Danbury	\$16 1/4	16 1/4	16 1/4		13261	Hess Int	\$15 1/2			
34040	Dominion	\$16 1/4	16 1/4	16 1/4		44200	Imperial	\$14 1/2			
38400	Dominion	\$16 1/4	16 1/4	16 1/4		388216	Imperial	\$14 1/2			
523503	Enbridge	\$12 1/2	12 1/2	12 1/2		20270	Imperial	\$14 1/2			
12737	Enbridge	\$12 1/2	12 1/2	12 1/2		18779	Imperial	\$14 1/2			
42542	Enbridge	\$12 1/2	12 1/2	12 1/2		18779	Imperial	\$14 1/2			
174822	Enbridge	\$12 1/2	12 1/2	12 1/2		18779	Imperial	\$14 1/2			
68771	Enbridge	\$12 1/2	12 1/2	12 1/2		18779	Imperial	\$14 1/2			
3000	Can Unl B	\$13 1/4	13 1/4	13 1/4		18779	Imperial	\$14 1/2			
5713	Can Unl B	\$13 1/4	13 1/4	13 1/4		18779	Imperial	\$14 1/2			
4539	Can Unl B	\$13 1/4	13 1/4	13 1/4		18779	Imperial	\$14 1/2			
1900	Can Unl B	\$13 1/4	13 1/4	13 1/4		18779	Imperial	\$14 1/2			
13440	Can Unl B	\$13 1/4	13 1/4	13 1/4		18779	Imperial	\$14 1/2			

INDICES		July	July	July	July	1993	
		14	13	8	6	HIGH	LOW
Completion							
LOW							
41.32	AUSTRALIA						
54.59	AS (ASX)	1160.5	1198.6	1071.8	1725.9	1004.59 (7/67)	1405.00 (7/31)
54.59	AS (ASX)	845.2	855.0	858.7	841.2	836.70 (7/2)	884.76 (7/31)
110.01	AUSTRIA						
13.32	Bank Asia (S1/27/94)	350.87	348.00	351.34	348.00	357.78 (7/2)	391.28 (7/31)
67/92	Bank of China (S1/27/94)	871.34	868.00	870.75	865.39	875.75 (7/2)	912.28 (7/31)
10.59	BELGIUM						
10.59	BELGIUM	1238.13	1232.54	1218.53	1207.55	1238.54 (7/31)	1125.46 (7/2)
(Monthly/31/93)	DEMARK						
5.97 (10/24/94)	DEMARK	316.74	311.37	311.31	311.23	314.85 (7/31)	283.50 (7/2)
	FINLAND						
	FINLAND	1049.8	1257.2	1245.5	1251.8	1257.20 (7/31)	813.33 (7/2)
4.40	FRANCE						
3.95	FRANCE (S1/27/94)	541	545.00	542.22	546.00	547.37 (7/31)	471.94 (7/2)
3.95	FRANCE	89	191.9	190.22	198.54	203.91 (7/31)	177.22 (7/2)
3.95	GERMANY						
3.95	GERMANY	700.59	694.36	687.32	693.50	710.80 (7/31)	598.32 (7/2)
3.95	GERMANY	1268.14	1267.14	1267.2	1267.2	1268.00 (7/31)	1268.00 (7/2)
3.95	GERMANY	1261.55	1260.16	1261.17	1259.41	1261.17 (7/31)	1261.55 (7/2)
4.40	HONG KONG						
3.95	HONG KONG	695.50	689.10	682.50	670.01	7447.24 (7/31)	5437.80 (7/2)
3.95	HONG KONG	1025.50	1019.31	1017.91	1015.91	1025.50 (7/31)	1019.31 (7/2)
3.95	INDONESIA						
3.95	INDONESIA	320.06	345.73	348.00	344.24	358.17 (7/31)	442.38 (7/2)
3.95	INDONESIA	1220.0	1219.42	1219.00	1220.0	1219.42 (7/31)	1219.42 (7/2)
3.95	JAPAN						
3.95	JAPAN	2019.11	2011.62	1998.00	1857.79	2100.00 (7/31)	1832.45 (7/2)
3.95	JAPAN	1691.28	1691.28	1691.28	1691.28	1691.28 (7/31)	1691.28 (7/2)
3.95	JAPAN	2233.52	2233.51	2233.52	2233.52	2233.52 (7/31)	2233.52 (7/2)
3.95	Malaysia						

[illegible]

Change on day	Stocks Traded	Closing Prices on day	Change on day
+2	Minuteman Hcy	3.0m	55
+2	Wycomms	7.5m	600
-1	Pleach	700	48
+10	Alphatec	2.0m	378
-1	Toshima	2.2m	893

FINANCIAL TIMES THURSDAY JULY 15 1993

Samsung Passio TV

Flat square stereo
NICAM Digital Stereo
Well Shaped

SAMSUNG ELECTRONICS

Continued on next page

AMERICA

US stocks post strong gains as bond yields fall

Wall Street

US share prices posted strong gains yesterday as bond yields fell to record lows following another set of bullish inflation figures, writes Patrick Harverton in New York.

At 1 p.m., the Dow Jones Industrial Average was up 28.32 at 3,543.66. The more broadly based Standard & Poor's 500 was 2.87 higher at 450.76, while the Amex composite, which has outperformed other indices lately, was down 0.79 at 438.32. The Nasdaq composite rose 3.64 to 712.11, a new record high. NYSE volume was 188m shares by 1 p.m.

Good inflation news and falling bond yields ended three days of weak, indecisive trading. Prices climbed from the opening after the labor department announced that its consumer price index was unchanged in June.

This delighted dealers and investors who, earlier this year, feared that inflation was making a comeback. Analysts were particularly encouraged by the paltry 0.1 per cent increase in the "core" CPI, which excludes the volatile food and energy components.

Not only was the CPI data good news in itself, but the figures spurred heavy buying of Treasury securities. The demand lifted the benchmark 30-year bond almost 1/4 point, lowering the yield to below 6.6 per cent for the first time since 1977, when the Treasury began issuing the 30-year bond on a regular basis. Equity investors like falling bond yields because they lower the cost of borrowing for US corporations, and low interest rates can lure money away from short-term assets and into stocks.

Among individual stocks, second quarter earnings continued to dominate trading. General Electric firmed 3/8 to 58 3/8 after the company posted a 10 per cent increase in quarterly earnings.

Federal Express jumped 3/4 to 52 1/2 following its report of a 56 per cent improvement in fiscal fourth quarter earnings. Another stock helped by better than expected earnings was CBS, which climbed 10 1/4 to 23 1/4.

Procter & Gamble rose 3/8 to 52 1/2 as investors reacted positively to news that the consumer products group is cutting its prices on laundry products and dish soap by up to 15 per cent to compete with rival brands and private labels.

Profit-taking continued to take its toll of brokerage issues, in spite of some strong second quarter earnings. Merrill Lynch fell another 1/4 to 58 1/4. Zale's fell 1/4 to 58 1/4.

Good inflation news and falling bond yields ended three days of weak, indecisive trading. Prices climbed from the opening after the labor department announced that its consumer price index was unchanged in June.

This delighted dealers and investors who, earlier this year, feared that inflation was making a comeback. Analysts were particularly encouraged by the paltry 0.1 per cent increase in the "core" CPI, which excludes the volatile food and energy components.

Not only was the CPI data good news in itself, but the figures spurred heavy buying of Treasury securities. The demand lifted the benchmark 30-year bond almost 1/4 point, lowering the yield to below 6.6 per cent for the first time since 1977, when the Treasury began issuing the 30-year bond on a regular basis. Equity investors like falling bond yields because they lower the cost of borrowing for US corporations, and low interest rates can lure money away from short-term assets and into stocks.

Among individual stocks, second quarter earnings continued to dominate trading. General Electric firmed 3/8 to 58 3/8 after the company posted a 10 per cent increase in quarterly earnings.

Federal Express jumped 3/4 to 52 1/2 following its report of a 56 per cent improvement in fiscal fourth quarter earnings. Another stock helped by better than expected earnings was CBS, which climbed 10 1/4 to 23 1/4.

Procter & Gamble rose 3/8 to 52 1/2 as investors reacted positively to news that the consumer products group is cutting its prices on laundry products and dish soap by up to 15 per cent to compete with rival brands and private labels.

Profit-taking continued to take its toll of brokerage issues, in spite of some strong second quarter earnings. Merrill Lynch fell another 1/4 to 58 1/4. Zale's fell 1/4 to 58 1/4.

Good inflation news and falling bond yields ended three days of weak, indecisive trading. Prices climbed from the opening after the labor department announced that its consumer price index was unchanged in June.

This delighted dealers and investors who, earlier this year, feared that inflation was making a comeback. Analysts were particularly encouraged by the paltry 0.1 per cent increase in the "core" CPI, which excludes the volatile food and energy components.

Not only was the CPI data good news in itself, but the figures spurred heavy buying of Treasury securities. The demand lifted the benchmark 30-year bond almost 1/4 point, lowering the yield to below 6.6 per cent for the first time since 1977, when the Treasury began issuing the 30-year bond on a regular basis. Equity investors like falling bond yields because they lower the cost of borrowing for US corporations, and low interest rates can lure money away from short-term assets and into stocks.

EUROPE

Stet up 7% on telecoms restructuring plan

A SLIGHT easing of pressure on the French franc and a modest cut in the German repo rate steadied nerves as attention turned to the Buba meeting today. Paris was closed for a public holiday.

MILAN, encouraged by the long awaited statement on the restructuring of the telecommunications sector, moved ahead, while technical trading ahead of today's end of the monthly account also lifted prices.

The Comit index closed up 7.53 or 1.45 per cent to 553.66. While the broad details of the restructuring of the telecommunications sector has been in the market for some time, the lack of other positive news recently has focused investors' attention on this area, said Mr John Stewart of Milan brokers, Pastoro.

Stet also gained on news of its five year convertible bond, convertible into 51p savings shares. The stock rose 1.54 or 7.3 per cent to 1.51.

The new cabinet - probably a coalition around a core conservative party - is likely to try to build support through income tax cuts. A fiscal stimulus package is unlikely to be implemented, thought traders, due to the lack of a kingpin figure to orchestrate the various interests of politicians and ministries. The Bank of Japan, meanwhile, may be reluctant to cut the official discount rate due to fears of deflation.

Mr Yasushi Ueki of Nikko Securities said that while a large loss by the ruling Liberal Democratic party would damage investor sentiment, an unexpected victory, on the other hand, would also be a negative factor for shares. "It will mean a return to the old corrupt ways," he explained.

On the trading floor, Gajoon Kanku, a hotel and restaurant

operator, was suspended in the afternoon session due to reports that Dreyer, an unlisted pachinko pinball operator which holds a large stake in Gajoon, had filed for court protection under the bankruptcy law.

Gifu Bank, a regional bank in which Dreyer has a 5.5 per cent holding, fell Y45 to Y635.

Kirin Brewery, the industry leader, lost Y20 to Y1,280 on reports that four company officials had been arrested for paying off racketeers.

Profit-taking depressed bank shares, which gained on Tuesday on hopes of credit easing. Industrial Bank of Japan retreated Y20 to Y1,280.

In Osaka, the OSE average dipped 31.47 to 1,575.43 in volume of 23.3m shares.

Individual equities and sectors moved more than indices

higher at 4,022.47. SEOL closed virtually flat, with the composite index just 0.3 firmer at 762.96 in turnover down from 4,022.47 to 4,022.47.

HONG KONG slipped a mere 0.60 to 6,955.50 as a bout of late selling wiped out an earlier 73-point rise in the Hang Seng index. Turnover increased from HK\$3.02bn to HK\$3.22bn.

There was local retail buying of Cheung Kong and Hutchison, but institutional selling dragged both off their highs. Cheung Kong lost 30 cents to HK\$55.30 and Hutchison closed steady at HK\$50.30. Red chips, or China-related stocks, were popular buys after being oversold recently. Citic Pacific jumped 60 cents to HK\$18.

NEW ZEALAND lost ground after a sequence of highs, the NZSE-40 index finishing 17.11 down at 1,706.62 in a turnover of NZ\$26.3m.

Brewery concern Lion Nathan, which earlier

announced a placing of 45m shares at NZ\$3.05, shed 10 cents to NZ\$3.30, due in part to share dilution but mostly because of the big discount involved.

SINGAPORE featured Tachibana, a takeover target, which closed 36 cents stronger at S\$1.05. But the Straits Times Industrial index was 2.41 easier at 1,775.11.

BANGKOK fell for the third straight day, the SET index losing 7.69 at 892.98 in moderate turnover of B\$5.28bn.

MANILA's composite index shed 7.70 to 1,515.93, but the debut of Jollibee Foods, the fast food chain, saw the shares climbing to above 16 pesos, a premium of more than 80 per cent to the initial offer price.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

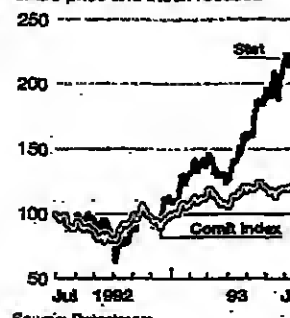
COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

Italy

Share price and index released



Source: Datastream

Telecom Italia on January 1, 1994, showed respective gains of L316 and L86 to L7,890 and L3,811.

Reports that Fiat might be seeking to reduce its shareholding in Gemina, the merchant bank, lifted the latter's price L38 to L1,350, while Fiat gained L108 to L6,465.

FRANKFURT closed mixed, the DAX index rising 4.39 to 1,811.55 against a day's high of 1,821.31. Interest rate cut hopes abated, but tomorrow's expiry

of equity options traded on the Deutsche Terminbörse boosted interest in some blue chips. Turnover was DM9.6bn.

Daimler rose DM9 to DM673 after two news items: first, that an 8-class revamp would produce a lighter, more fuel efficient car; and, secondly, on the state of Bavaria's plan to sell its 8 per cent stake in the group's Deutsche Aerospace subsidiary.

Metallgesellschaft added DM9.50 to recent gains which have taken it up by nearly a quarter in less than a month. It was boosted by an announcement from MG's Metall Mining Corp confirming rumours that it was considering forming a new unit to hold its gold assets, dealers said. Mr David Morgan at Lehman Brothers in London observed that MG is a reflection of base metal prices, not a bull point, and a guide to the health of German manufacturing industry, which is debatable.

In steel, Krupp Hoesch climbed DM7.10 to DM132.60 and Thyssen by DM5.20 to DM212. Mr Morgan said that

Thyssen has indicated that the worst is over in its steel division and that Krupp Hoesch, highly geared and in the midst of very deep restructuring, is another bet on German economic recovery.

The energy, chemicals and metals group, Viag, rose DM6.90 to DM293.00 on the confirmation that it would maintain its 1993 dividend; and Henkel, which makes Persil, fell DM9.50 to DM550.20 although it said that it saw no reasons for a global price war in detergents, following drastic price cuts by Procter & Gamble in the US.

AMSTERDAM returned to a positive stance in spite of a further sharp fall in Unilever, down Fl 4.40 or 2.7 per cent to Fl 162.10. The CBS Tendancy index rose 0.2 to 117.1.

Hoare Govett called the market's reaction to news that Procter & Gamble of the US was to cut the list price of liquid detergents "unjustified". It said that in the short term, the impact of P & G's strategy on Unilever's earnings would be "negligible", given the latter's aggressive promotion and discounting of new products in the US.

Ahold, which has a strong US supermarket presence, lost Fl 1.10 to Fl 94.90 on the same story.

BRUSSELS noted a 12 per

cent rise in Arbed, the Luxembourg-based steel maker, up Bfr380 to Bfr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SK-13 rise in Ericsson B to SK1398. The Affarsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISQA overall index rose 15.78, or 1 per cent to 1,636.59, its financial component put up a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Green core, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

BRUSSELS noted a 12 per

cent rise in Arbed, the Luxembourg-based steel maker, up Bfr380 to Bfr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SK-13 rise in Ericsson B to SK1398. The Affarsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISQA overall index rose 15.78, or 1 per cent to 1,636.59, its financial component put up a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Green core, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

BRUSSELS noted a 12 per

cent rise in Arbed, the Luxembourg-based steel maker, up Bfr380 to Bfr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SK-13 rise in Ericsson B to SK1398. The Affarsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISQA overall index rose 15.78, or 1 per cent to 1,636.59, its financial component put up a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Green core, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

BRUSSELS noted a 12 per

cent rise in Arbed, the Luxembourg-based steel maker, up Bfr380 to Bfr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SK-13 rise in Ericsson B to SK1398. The Affarsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISQA overall index rose 15.78, or 1 per cent to 1,636.59, its financial component put up a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Green core, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

BRUSSELS noted a 12 per

cent rise in Arbed, the Luxembourg-based steel maker, up Bfr380 to Bfr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SK-13 rise in Ericsson B to SK1398. The Affarsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISQA overall index rose 15.78, or 1 per cent to 1,636.59, its financial component put up a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Green core, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

BRUSSELS noted a 12 per

cent rise in Arbed, the Luxembourg-based steel maker, up Bfr380 to Bfr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SK-13 rise in Ericsson B to SK1398. The Affarsvärlden general index rose 5.20 to 1,139.80.

ASIA PACIFIC

Nikkei eases as Pacific Rim indices move narrowly

Tokyo

SHARE prices moved in a narrow range following Tuesday's rise to above 20,000 for the Nikkei average, which closed marginally lower yesterday after fluctuating on profit-taking and arbitrage buying, writes Emiko Terazono in Tokyo.

The Nikkei was finally off 41.31 at 20,139.11, its first decline in four trading days. It rose to a day's high of 20,207.52 just after the opening but slipped later on arbitrage unwinding and profit-taking, setting a day's low of 20,030.30.

Volume totalled 300m shares, against 331.7m. Rises led falls by 465 to 476, with 185 issues unchanged. The Topix index of all first section stocks shed 3.73 to 1,631.53. In London the ISE/Nikkei 60 index put on 1.03 at 1,240.37.

Equities were supported by hopes that monetary or fiscal

support would be implemented by the new government to be elected this weekend.

The new cabinet - probably a coalition around a core conservative party - is likely to try to build support through income tax cuts. A fiscal stimulus package is unlikely to be implemented, thought traders, due to the lack of a kingpin figure to orchestrate the various interests of politicians and ministries. The Bank of Japan, meanwhile, may be reluctant to cut the official discount rate due to fears of deflation.

Mr Yasushi Ueki of Nikko Securities said that while a large loss by the ruling Liberal Democratic party would damage investor sentiment, an unexpected victory, on the other hand, would also be a negative factor for shares. "It will mean a return to the old corrupt ways," he explained.

On the trading floor, Gajoon Kanku, a hotel and restaurant

operator, was suspended in the afternoon session due to reports that Dreyer, an unlisted pachinko pinball operator which holds a large stake in Gajoon, had filed for court protection under the bankruptcy law.

Gifu Bank, a regional bank in which Dreyer has a 5.5 per cent holding, fell Y45 to Y635.

Kirin Brewery, the industry leader, lost Y20 to Y1,280 on reports that four company officials had been arrested for paying off racketeers.

Profit-taking depressed bank shares, which gained on Tuesday on hopes of credit easing. Industrial Bank of Japan retreated Y20 to Y1,280.

In Osaka, the OSE average dipped 31.47 to 1,575.43 in volume of 23.3m shares.

Individual equities and sectors moved more than indices

higher at 4,022.47. SEOL closed virtually flat, with the composite index just 0.3 firmer at 762.96 in turnover down from 4,022.47 to 4,022.47.

HONG KONG slipped a mere 0.60 to 6,955.50 as a bout of late selling wiped out an earlier 73-point rise in the Hang Seng index. Turnover increased from HK\$3.02bn to HK\$3.22bn.

There was local retail buying of Cheung Kong and Hutchison, but institutional selling dragged both off their highs. Cheung Kong lost 30 cents to HK\$55.30 and Hutchison closed steady at HK\$50.30. Red chips, or China-related stocks, were popular buys after being oversold recently. Citic Pacific jumped 60 cents to HK\$18.

NEW ZEALAND lost ground after a sequence of highs, the NZSE-40 index finishing 17.11 down at 1,706.62 in a turnover of NZ\$26.3m.

Brewery concern Lion Nathan, which earlier

announced a placing of 45m shares at NZ\$3.05, shed 10 cents to NZ\$3.30, due in part to share dilution but mostly because of the big discount involved.

SINGAPORE featured Tachibana, a takeover target, which closed 36 cents stronger at S\$1.05. But the Straits Times Industrial index was 2.41 easier at 1,775.11.

BANGKOK fell for the third straight day, the SET index losing 7.69 at 892.98 in moderate turnover of B\$5.28bn.

MANILA's composite index shed 7.70 to 1,515.93, but the debut of Jollibee Foods, the fast food chain, saw the shares climbing to above 16 pesos, a premium of more than 80 per cent to the initial offer price.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 697.41.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to